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FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY MARCH 15 1994

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G7 ministers start talks to tackle jobs issue

Germany faces the loss of 3m unskilled jobs over the coming eight years, Group of Seven ministers were warned yesterday as they started work in Detroit on a plan to tackle mass unemployment. US president Bill Clinton, opening the two-day summit of employment and economics ministers from the industrialised nations, called on the G7 to tackle bedrock economic issues rather than focusing exclusively on macroeconomic policy and high finance. Page 24

Metallics sell-off: The troubled German metals group has cleared an important obstacle to a possible public offering of its controlling stake in Metall Mining, which is listed on the Toronto Stock Exchange. Page 25

Swire Pacific: Hong Kong-based property, aviation and trading group, improved annual profits by 5.4 per cent last year to HK\$4.66bn (US\$603m). Last week Cathay Pacific, Swire's 51.8 per cent-owned airline, reported a 23.8 per cent drop in profits. Page 28

UK unyielding on Ulster talks: The British government, responding to new IRA demands for direct talks on Northern Ireland, repeated that there would be no negotiations with the republican Sinn Féin party before an end to violence by the Irish Republican Army. Page 10

Tuzla airport opens: An aircraft touched down at the besieged Bosnian town of Tuzla for the first time since May 1992. It carried UN officials preparing for a planned aid airlift to the city, which is surrounded by Serb forces. Serbs put new price on Bosnia peace. Page 2

Pöhl in chair after boardroom battle: Former Bundesbank president Karl Otto Pöhl was made temporary chairman of Corange in a fierce boardroom battle at the Bermuda-based pharmaceuticals group which is parent company of Boehringer Mannheim, a big German healthcare company. Curt Engelhorn, who owns 24 per cent of Corange, was removed as chairman and replaced by Mr Pöhl, deputy chairman since 1992. The row reflects a strategic shift at Corange since last year's appointment of a chief executive unconnected with the Engelhorn family. Page 25

Anglo-Indian deal signed: General Electric of the UK signed a \$1.5bn deal to build a power station in the Indian state of Maharashtra. The signing came at talks in London between British prime minister John Major and his Indian counterpart, Narasimha Rao. Page 8

Threat to plant lifted: Suzuki of Japan has dropped its threat to close its subsidiary Santana Motor at the southern Spanish city of Linares, but workers will be told that production will continue only if unions agree to large job cuts. Page 3; Suzuki to take over distribution. Page 9

Liberals victorious: Colombia's ruling Liberal Party won 53 of the 102 senate seats in congressional elections, according to official results with over 90 per cent of the votes counted. Page 4

SNCF and British Rail: French and UK railway operators may demand compensation from Euro-tunnel for the delay in the start of freight services through the Channel tunnel. Page 2

Ford injects \$50m into Aston Martin: US carmaker Ford has injected \$50m of new equity capital into Aston Martin Lagonda, increasing its stake in the UK luxury sports car manufacturer from 75 per cent to 95.5 per cent. Page 25

Mafia boss arrested: Italian police arrested Benedetto Capizzi, 49, alleged leader of the Sicilian Mafia. Capizzi had been at large for two years after convictions for being associated with the Mafia and drug trafficking.

Fears over Philippines volcano: Philippines scientists think pressure is building within the country's Taal volcano, which last erupted violently in 1965 when it killed 235 people.

Alleged spy named: A senior Russian arms industry official charged with spying for Britain was named by Russia's interfax news agency as Vadim Sintsov. He was arrested in January.

Far cry from Bradford: The first branch of a British building society opened in Germany when the Bradford & Singley Bausparkasse started business in Hamburg.

STOCK MARKET INDICES	
FT-SE 100	3,223.4 (+41.5)
Yield	3.74
FT-SE Euroshare 100	1,486.59 (+24.34)
FT-SE-A All-Share	1,622.76 (+41.70)
Nikkei	20,526.15 (+410.34)
New York: S&P 500	4,222.12 (+22.12)
Dow Jones Ind Ave	3,858.45 (+42.22)
S&P Composite	466.51 (+10.12)
US LUNCHTIME RATES	
Federal Funds	3.5%
3-mo Treas Bill: Yld	3.575%
Long Bond	5.91%
Yield	5.91%
LONDON MONEY	
3-mo bank bill	5.3% (54.5)
Libor 6m bill	5.1% (54.5)
Libor 12m bill	5.1% (54.5)
NORTH SEA OIL (average)	
Brent 15-day (May)	\$13.35 (13.3)
NY Crude (Apr)	\$37.2 (38.1)
London	\$37.1 (38.0)
Tokyo close	¥105.55

Australia	60.92	Greece	140.58	Italy	140.58	Japan	140.58	UK	140.58	US	140.58
Belgium	140.58	Hong Kong	140.58	Libria	140.58	Spain	140.58	Sweden	140.58	Switzerland	140.58
France	140.58	Malaysia	140.58	Netherlands	140.58	Thailand	140.58	USA	140.58	West Germany	140.58
Germany	140.58	India	140.58	Nigeria	140.58	Poland	140.58	South Africa	140.58	Taiwan	140.58
Italy	140.58	Israel	140.58	Norway	140.58	Sweden	140.58	Spain	140.58	Switzerland	140.58
Japan	140.58	Italy	140.58	Oman	140.58	Switzerland	140.58	Sweden	140.58	Switzerland	140.58
UK	140.58	Japan	140.58	Pakistan	140.58	Switzerland	140.58	Sweden	140.58	Switzerland	140.58
US	140.58	Jordan	140.58	Philippines	140.58	Switzerland	140.58	Sweden	140.58	Switzerland	140.58
West Germany	140.58	Kuwait	140.58	Poland	140.58	Switzerland	140.58	Sweden	140.58	Switzerland	140.58
Yugoslavia	140.58	Libria	140.58	Portugal	140.58	Switzerland	140.58	Sweden	140.58	Switzerland	140.58

Compromise on blocking majority may allow new members to join Britain signals EU climbdown

By Roland Rudd in London and David Gardner in Brussels

The British government yesterday signalled that it was prepared to compromise over its power to block Brussels legislation ahead of today's meeting of European Union foreign ministers in Brussels.

Downing Street officials indicated that Britain may not veto a rise in the number of votes needed to block legislation from 23 to 27 to prevent it being blocked by a blocking minority.

Agreement by Britain to compromise would allow successful negotiations on the entry into the EU of Sweden, Finland and Austria to be approved by the European Parliament and help smooth the way for the remaining obstacles to Norwegian entry into the Union.

The signs of movement in London were welcomed by European Commission officials in Brussels last night. Without a compromise by Britain and Spain, who oppose increasing the number of votes required to block decisions by the EU Council of Ministers, Sweden, Finland, Austria and Norway will be unable to join the EU by next January.

However, UK government business managers are worried about possible backbench rebellions by Euro-sceptic MPs and have warned ministers of the difficulty of getting legislation through the House of Commons if they agree to compromise.

At present the blocking minority is 23 votes out of the total of 76, distributed between the 12 members. After enlargement, with the entry of Austria, Norway, Finland and Sweden, it is proposed that the blocking

minority would increase to 27 votes out of a new total of 80.

But Britain may have been attracted by a Spanish proposal which would allow the blocking vote to rise to 27 once the new

Observer Page 23

members join the EU, while maintaining a further blocking vote at 23 provided a maximum of three countries made up the 23 votes.

That would keep the status quo intact and allow two large EU members and one small one - with a combined population of at least 100m - to block decisions, possibly until an EU intergovernmental conference in 1996 when voting weights could be renegotiated.

But as Mr John Major last

night met Mr Douglas Hurd, foreign secretary, to finalise Britain's negotiating position, leading Conservative Euro-sceptics said they would oppose any "climbdown". Mr William Cash, one of the leading Euro-sceptics, said the Commons would not put up with "more erosion" of its powers.

However, faced with the choice of another dispute with its European partners or its Euro-sceptics, Whitehall officials predicted the government would pick the latter as long as it was confident of limiting any backbench rebellion.

Mr John Major's officials said the prime minister was determined to defend British interests in an enlarged Community "and get enlargement".

The Foreign and Commonwealth Office last night said that it had not received any accept-

able offer over the size of the blocking veto, but underlined its commitment to enlargement.

Another official predicted that "a compromise of some sort will emerge".

Senior British officials in Brussels signalled over two weeks ago that they could live with the Spanish formula, although, formally, they were yesterday insisting there was no change in London's position.

Nevertheless, Spanish negotiators are depending on UK support, and any likely compromise may take the form of a "declaration" by the 12.

Anything more binding risks being turned down by the European Parliament, which is refusing to ratify the new members' accession treaty if the 12 make it too easy for a minority of member states to block European laws.

Disney plans \$2bn rescue for theme park

By David Buchanan in Paris and Alice Rawthorn in London

Walt Disney, the US entertainment group, has agreed terms for an outline rescue deal worth around FF13bn (\$2.26bn) for Euro Disney, its troubled European theme park subsidiary. The deal, which could save Euro Disney from the threat of closure, involves a FF6bn rights issue and a five-year waiver of Disney's royalty entitlements. It was agreed on Sunday evening after weeks of intricate negotiations by the US group and a steering committee representing Euro Disney's 63 banks.

The terms of the rescue were presented to Euro Disney's shareholders at an annual general meeting yesterday in the Buffalo Bill Wild West Saloon at the EuroDisneyland theme park near Paris. However, the steering committee needs unanimous agreement from the other lenders to implement the deal, which involves Euro Disney's debt being reduced from FF20.3bn to FF10bn and the banks agreeing to an 18 month interest-rate holiday on their loans.

Mr Baudouin Prot, of Banque Nationale de Paris heading the banks steering committee for Euro Disney, said the plan, which was yesterday outlined to all 60 banks, was generally favourably received, but it would take some weeks for every creditor to come to a considered judgment. Formally, the plan needs approval by all creditors, but Mr Prot said it was premature to speculate on what would happen if any institution rejected it.

"Getting all the banks to agree will be the next big hurdle," said one negotiator. "In cases like this there are usually one or two small lenders who don't want to pay up. Let's hope they can be persuaded to fall into line."

Euro Disney, which faced closure without a rescue package, saw its shares rise sharply yesterday morning only to fall during the afternoon to close FF2.50 lower at FF33.85. In New York at lunchtime Walt Dis-

Lex, Page 24
Background, Page 25

Clinton friend likely to quit as justice aide

By Nancy Dunne in Washington

Mr Webster Hubbell, the US associate attorney-general and a close friend of US President Bill Clinton and his wife Hillary, is expected to resign from his position, Justice Department officials said yesterday.

Administration officials yesterday linked the probable resignation to questions of overbilling by Mr Hubbell at the Rose Law Firm in Little Rock, where he and Mrs Clinton held partnerships.

However, Mr Hubbell, number three at the Justice Department, has also been linked to the Whitewater affair, which involves the Clintons' financial dealings in Arkansas in the 1980s. Mr Hubbell's father-in-law borrowed heavily from the Madison Guaranty savings and loan institution at the centre of the controversy, and failed to repay more than \$500,000. He did some work for federal thrift regulators, although Rose had once also represented Madison Guaranty.

Another of the Clintons' friends, Mr Bernie Nussbaum, was forced to resign as White House counsel earlier this month when it was revealed that he met Treasury officials to discuss an investigation of Madison. A third of the Clintons' friends, Mr Vince Foster, another White House lawyer, was found dead last summer, an apparent suicide.

Asked about the reports that Mr Hubbell was set to quit, Ms Dee Dee Myers, White House press secretary, said: "I'm not confirming it, but I'm not denying it. The president knows the state of play."

Mr Hubbell's probable resignation comes just as the administration seemed to be taking the offensive in the Whitewater affair. Mr Lloyd Cutler, the new but temporary White House counsel, was co-operating closely with Mr Robert Fiske, the special counsel investigating the Clinton's financial dealings and related matters.

Mr Hubbell, the subject of conservative attacks even before he took office, was a golfing partner of the president. In Little Rock, where he had served as mayor, he was seen as a reformer who crusaded for open government.

He has denied any overbilling, and said he was co-operating with a Rose internal investigation into billing matters.

In Washington, Mr Hubbell came under close scrutiny from the Wall Street Journal, which portrayed him as the Justice Department's political fixer for the White House. For the administration's opponents he came to symbolise the supposed "cronyism" of the Clinton White House.

Joe Rogaly, Page 22

Christopher may call for renewed China trade link

By Tony Walker in Beijing

Mr Warren Christopher, US secretary of state, yesterday appeared to be preparing the ground for a recommendation that the administration should renew China's Most Favoured Nation trading status, saying the two sides had narrowed their differences on human rights.

He sought to put the best gloss on two days of bruising talks with Chinese officials in Beijing. Mr Qian Qichen, China's foreign minister, was however less conciliatory, noting that there was still a wide gap between the US and China in their human rights "concepts".

Mr Qian also warned that US business would be excluded from the vast Chinese market if the administration failed to renew the country's MFN status. Two-way trade exceeded \$40bn last year.

Mr Christopher, who has to advise President Bill Clinton within the next two months on

whether to continue China's preferential trade access to the US, described his meeting yesterday with Mr Qian as "businesslike and productive". He was confident China wanted "broad and solid" relations with the US.

"I find that the differences between China and the US are narrowing somewhat," he told reporters before leaving Beijing for Vladivostok, where he met Mr Andrei Kozyrev, the Russian foreign minister.

The US official was hard put to point to examples of specific progress on the vexed human rights issue, beyond a memorandum of understanding on trade in prison labour products.

The two sides agreed to a mechanism that would facilitate inspections of prison facilities alleged to be manufacturing items for export. Human rights groups have charged China with using "slave labour" to produce goods for the US market.

Mr Christopher said there had been progress on issues of emi-

gration and political prisoners, with the Chinese side providing lists of 235 detainees, including 106 Tibetans. US human rights experts would be evaluating these cases.

He had urged China to begin discussions with the Dalai Lama about "cultural and religious matters" in Tibet. Tibetan activists allege widespread human rights abuses, including the destruction of traditional culture.

The secretary of state's visit was marked by acrimonious exchanges with officials, and by harassment of several prominent dissidents, some of them "exiled" from Beijing while Mr Christopher was in town.

The US official said he had urged the Chinese to "release all those Chinese citizens who were arrested or detained at the time of my arrival here".

China and the US also marked the visit by agreeing to resume military consultations broken off

Continued on Page 24

OMEGA

THE LINK BETWEEN THE PAST
AND THE FUTURE

Omega Constellation.
Self-winding chronometer
in 18 k gold.
Swiss made since 1848.



OMEGA
The sign of excellence

NEWS: EUROPE

US and Russia agree to disagree

By John Lloyd in Moscow

Russia and the US yesterday acknowledged that the "honeymoon" between them was over and that they were fated to have disagreements. But they also agreed to remain yoked in a partnership which, it was stressed, was one of equals.

This emerged from a one-day meeting between Mr. Andrei Kozyrev, Russian foreign minister, and Mr. Warren Christopher, US secretary of state, in the far eastern Russian port of Vladivostok.

The meeting came after Russia had expressed anger with what it saw as Nato's failure to consult it about air strikes in Bosnia, differences over the withdrawal of Russian troops from the Baltic states, and a growing swell of opinion in the US that the attempts to forge a close partnership is - in the words of Mr. Zbigniew Brzezinski, the former US national security adviser - "premature".

Mr. Kozyrev said after the talks that Russia and the US were building a "mature relationship" of equals which would survive differences.

Mr. Christopher said that "we recognise that as large nations with large interests we are bound to have differences, but we pledge to deal with our differences openly".

According to the Russian Information Agency, Mr. Kozyrev said Russia wanted a rapid withdrawal of its troops from the Baltic states, but "this will happen only if we agree on a civilised exit (of the troops) and as long as the deportation of the military pensioners is stopped".

The Baltic states, especially Estonia, have protested against Russia linking the withdrawal of the troops - set to be completed by the end of August - with other demands, a stance which has been supported by the main western countries.

Mr. Christopher said that Russia welcomed the implementation of the "Partnership for Peace" accord, under which central and east European states, including Russia, could become more closely associated with Nato, short of full membership. However, in a recent article in the daily Izvestia, Mr. Kozyrev had said that the "Partnership for Peace" is not to be thought of as the summit of creation and that the Nato act in ignoring Russian interests in Bosnia showed that it remained an organisation which excluded Russia.

Mr. Pavel Grachev, Russia's defence minister, has postponed a trip and remained in Moscow to ensure reliable control of Russia's nuclear forces while President Boris Yeltsin is on leave, the Defence Ministry said yesterday. Mr. Yeltsin earlier in the day left for an unannounced holiday by the Black Sea.

Serbs put new price on Bosnia peace

By Laura Silber in Belgrade and Judy Dempsey in London

Mr. Nikola Koljevic, vice-president of the self-styled Serbian republic in Bosnia, said yesterday that the region's Serbs would back a Washington peace plan - which already envisages creating a Bosnian-Croat and Moslem federation - if any Bosnian Serb territory could link up with Serbia proper.

The preconditions, put forward in Belgrade yesterday, are aimed at expanding the proposed federation of Bosnia to a broader confederation encompassing Serbia and Montenegro. In effect, it would reinvent part of the old Yugoslavia.

Mr. Koljevic was speaking after holding talks with Mr. Vitaly Churkin, Russia's special envoy to the region. But western diplomats in Belgrade said any preconditions could undermine the Washington plan - which is due to be signed in the US on Friday - because Croats and Moslems would not accept any re-invention of the old Yugoslavia.

Croatia's fight for independence was about breaking



UN mediator Charles Redman flanked by Bosnian prime minister Haris Silajdzic (right) and Croatian foreign minister Mate Granic after talks in Vienna on the Moslem-Croat federation.

away from Serb-dominated Yugoslavia.

More importantly, UN and US diplomats in Vienna, who are hosting the Bosnian Croat/

Moslem talks, said the viability of any Croat/Moslem federation would require Bosnian Serbs ceding control of land they hold in the republic to

about 49 per cent. They already control about 70 per cent of the territory and show no signs of giving up any land.

The commander of UN troops in Bosnia, General Sir Michael Rose, flew into Tuzla yesterday on board the first aircraft to land at the besieged town's airport in almost two years, Sarajevo radio announced.

Gen. Rose and other UN officials inspected airport facilities in advance of a planned airlift of humanitarian supplies to Tuzla, which is surrounded by Serb forces. The airport has been closed since May 1992, when Serb artillery fire damaged runways. Following talks in Moscow earlier this month, the Bosnian Serb leader, Mr. Radovan Karadzic, said his forces would allow the airport to reopen. No date has been set.

Bosnian Moslem and Croat authorities allowed families long divided by war to meet on front lines at the Bosnian town of Novi Travnik in another step towards normal relations between the sides.

But to believe that this [confederation] is a serious possibility because the other two sides have rejected any confederation with Yugoslavia. Mr.

Churkin and Mr. Charles Redman, the US special envoy to the former Yugoslavia, require consent from President Slobodan Milosevic of Serbia, and the Bosnian Serbs, for the federal plan for Bosnia.

The Bosnian draft plan allows for a constitution, a presidency, a federal government, an assembly and a decentralised system with an unspecified number of cantons.

Without the full, and unconditional, consent of the Serbs the federation is meaningless because it will have no agreed boundaries between the federation and Serb-held territories in Bosnia. Mr. Koljevic said the Bosnian Serbs were willing first to negotiate a peace agreement, but they would only attend talks "under equal conditions", implying that sanctions on Serbia would have to be lifted.

A UN official said yesterday the US might be prepared to lift the sanctions if Mr. Milosevic agreed to extend diplomatic recognition to Croatia.

This would mean recognising the republic's borders, as well as disowning the Krajina Serbs who have declared their autonomy in south-western Croatia.

Suzuki reprieve for plant in Spain

By Tom Burns in Madrid

Suzuki of Japan has dropped its threat to close its Spanish subsidiary, but it will today tell workers that production will continue only if unions agree to large job cuts.

The move marks a shift in Suzuki's former determination to wind up its Santana Motor subsidiary in Linares, southern Spain, unless it received financial support from the government.

Four-wheel drive vehicles are made at the plant, which employs 2,400 workers.

The Japanese group, which owns about 80 per cent of Santana, placed it in receivership at the end of last month, saying it had accumulated losses of Ptas21bn (£101m) in the last three years.

The Industry Ministry said yesterday that Suzuki had agreed to remain Santana's dominant shareholder "for the time being" and had undertaken to make a "substantial" financial contribution to its balance sheet.

It is believed the Japanese parent company will write off a considerable part of the estimated Ptas15bn debt owed to it by Santana.

In exchange for keeping open the Linares plant, which accounts for virtually the sole industrial activity in the area, Suzuki wants to cut the labour force by as much as 50 per cent.

It is likely the Spanish administration will allocate emergency funds to ease the labour shake-out.

The commitment given by Suzuki follows talks at the Industry Ministry last week between Mr. Yoshio Saito, the group's chairman who is also deputy chairman of Santana, and senior ministry officials. Mr. Saito was told that the sudden closure of Santana would represent a serious political and social problem for the government and that it would rebound badly on general Japanese interests in Spain.

The decision to keep the Linares plant operating gives both Suzuki and the administration a breathing space in which to search for another industrial group willing to shoulder the Santana burden. A senior official in the domestic vehicle sector said it was possible that a Korean car group could eventually take the place of Suzuki in Linares.

SNCF and BR may act on Eurotunnel delay

By John Riddling in Paris

SNCF and British Rail, the French and UK railway operators, may demand compensation from Eurotunnel for the delay in the start of freight services through the Channel Tunnel, according to Mr. Alain Poinssot, head of SNCF's freight division.

Speaking at a joint press conference with Mr. Ian Brown, his British Rail counterpart, Mr. Poinssot said that the delay in

the launch of freight operations, which were due to have started yesterday, entailed significant costs both in terms of lost revenues and the uncertainty facing clients.

Mr. Poinssot said that the loss of earnings was being evaluated by his company's lawyers. British Rail and SNCF are already involved in a dispute with Eurotunnel concerning the fees for use of the Channel Tunnel rail link.

Eurotunnel has not set a

firm timetable for its services following last month's announcement of delays due to the complex commissioning and testing process. The official opening of the Channel Tunnel will go ahead as planned on May 6.

Despite the desire for compensation, Mr. Poinssot said that the delay in services should be put into context. "The tree should not obscure the forest," he said, describing freight services through the

Tunnel as "revolutionary". Mr. Brown estimated that by 1996-1997, the annual volume of freight passing through the tunnel would amount to more than 6m tonnes. About 60 per cent of this would be represented by container traffic.

Automobile shipments are expected to account for 25 per cent of total freight. According to Mr. Brown, the work needed to prepare for the launch of Channel Tunnel freight services had been com-

pleted last weekend. He said that services would be expanded progressively, starting with 10 trains per day in each direction and increasing to 35 trains each way by 1996-1997.

Mr. Brown said that the launch of freight traffic services through the Tunnel was of particular importance to British Rail. "The tunnel is a 50km journey, but it joins the UK's 15,000km network to the 240,000km continental rail network," he said, adding that it

would provide an important stimulus to demand for rail freight.

British Rail and SNCF have set up a series of joint ventures to manage and market their Channel Tunnel freight services. British Rail has also adapted parts of its network, including rebuilding 90 bridges between London and the Channel Tunnel, to allow the smooth passage of freight trains to the continental network.

The success of Spain's high-speed train gives hope to the makers of Germany's Transrapid

Madrid-Seville fast rail link heads for profit

By Tom Burns

Billed as a white elephant, the AVE, Spain's high-speed train between Madrid and Seville, is confounding its critics. The AVE almost broke even in its first full year of service and it is set to become one of the few profitable units in the deficit-ridden railway network.

According to provisional 1993 results, the AVE generated income of Ptas3.5bn (£65m) and reported losses of Ptas90m after paying back Ptas4.5bn on loans to acquire the 16 trains it operates, similar to those running on France's Train à Grande Vitesse (TGV) system and built by the same Anglo-French

engineering group, GEC-Alsthom.

This year the high-speed train unit aims to raise its total number of passengers by 24 per cent to nearly 4m and to post a profit. By 1998, with expected income of more than Ptas2bn, the unit says it will have paid off its Ptas45bn rolling stock investment. The Ptas45bn construction bill for the 471km link between Madrid and Seville - a track built to the narrower European gauge specifications and which includes 17km of tunnels and 32 viaducts - has been picked up by the Transport Ministry. "There has been an incredible difference between the

speculation that surrounded the AVE and what has turned out to be the reality," said Mr. José Alberto Zaragoza, the planning chief at the Transport Ministry. The decision to build the link, which opened in time for Seville's Expo '92 Universal Exposition, prompted critics to charge that Prime Minister Felipe Gonzalez had favoured his home town and ignored economic common sense which dictated linking Madrid to Barcelona, twice as wealthy and as large as Seville, and to the French frontier.

The government countered that the AVE had been routed to Seville to prevent the underdeveloped south decoupling from the richer north and officials dubbed the policy the "Mezzogiorno factor" after the regional imbalances in Italy that Spain wanted to prevent. It was "a very political decision," said Mr. Zaragoza.

AVE's success, which has slashed the railway travel time between Madrid and Seville from 5 hours and 55 minutes to 2 hours and 40 minutes, has

underlined the lessons learnt by France's experiment.

● The high-speed train captures the largest share of the travel market. Before AVE went into service, 51 per cent of travellers between Madrid and Seville used a car and 20 per cent went by train; now 39 per cent drive and 44 per cent take the AVE.

● Air travel is particularly penalised by competition from a high-speed train link. Before the AVE, Iberia, the domestic carrier, accounted for 18 per cent of Madrid-Seville travel. This has dropped to 7 per cent and the airline, which has already cut its 71 flights a week between the two cities to 64, plans to reduce them to 52.

● High-speed trains generate new customers. Of AVE users 24 per cent had never previously travelled between Madrid and Seville.

Building on the AVE's success, the Transport Ministry has given the green light to the Madrid-French frontier link, which should be completed by 2003.

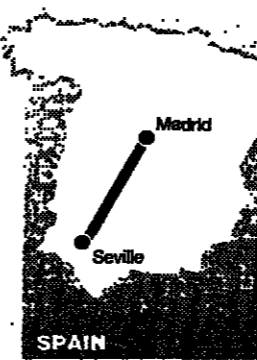
A tale of two trains



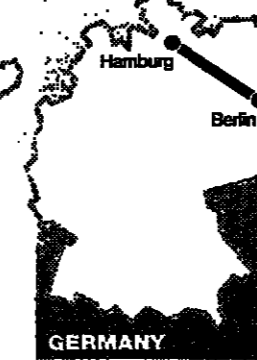
The AVE reduces the 470km trip between Madrid & Seville from about six hours to two hours and forty minutes.



The Transrapid aims to cut the 300km journey between Berlin & Hamburg from three and a half hours to less than an hour.



SPAIN



GERMANY

'Whispering arrow' on target

Michael Lindemann in Lathen, north-west Germany

There was an anxious silence in the cabin. One of the Transrapid executives had been explaining the ins and outs of the so-called "whispering arrow" but as it exceeded 380kph (236mph) he stopped talking.

The green liquid crystal display over the doorway to the cabin showed 400kph and the 50 or so passengers watched carefully as the figures crept up to 431kph and locked in.

Mr. Peter Wiegmann began talking again. "Ladies and gentlemen, there you have it - 431kph. For safety reasons we cannot take you up to the maximum speed of 450kph but I am sure that was quite impressive enough."

The tree tops, which were at window level outside, blurred into a green mass and not one of a cluster of buildings which made up the Transrapid test site in Lathen, near the Dutch border, was recognisable as we shot past. Writing at 431kph was not a problem and expensive seats - larger than they are likely to be in the real Transrapid - made for ample leg-room. Sound levels inside the cabin were not louder than those in a French high-speed Train à Grande Vitesse (TGV) or the German ICE.

A murmur of approval could be heard as we slowed down to 170kph and heads nodded in awe at the world's fastest magnetic-levitation train.

"You should see what it's like in the summer," Mr. Wiegmann said as we climbed up the stairs to board the train. "People pull up here in their campers and wait for

days to get a ride. It's amazing." The Transrapid, which tears around on a 32km concrete track built on stilts, has lured thousands of visitors to this flat corner of north-western Germany, difficult to get to and visited by few.

Half the train is a cabin to seat about 50 people while the other houses a bank of computers at which engineers from Thyssen Industrie, the engineering group which built the Transrapid, test the train's capabilities.

On March 2 the German cabinet approved plans to build a 300km track from Berlin to Hamburg, the country's two largest cities, which would reduce the present travel time of more than three-and-a-half hours to 53 minutes.

"Traveling to either one of those cities will then be the same as taking a subway to one of the outlying areas of Hamburg," said Mr. Wiegmann who does publicity work for Magnetschnellbahn, the company created to oversee the introduction of the Transrapid.

However, the opposition Social Democratic party (SPD) has vowed to block the project in the upper house of parliament. It says the Berlin run would be a white elephant, failing to meet the projected annual passenger target of 14m, an eight-fold increase on the present volume.

Thyssen Industrie is pushing hard to have the project approved. Company executives are bullish all the same. When the TGV from Paris to Lyon was first being considered 6m passengers a year were predicted. Last year 21m people travelled, that route, proof,

Thyssen says, that if the Transrapid is built passenger volume will rise dramatically.

The train is also safer than all other forms of conventional transport, Mr. Wiegmann says. It cannot derail because the entire train straddles the concrete runway. And only one train will travel along the route at any one time, making

collisions impossible. All that can go wrong is that the electricity - needed to drive the magnetic motors - is cut off, but even then the train has its own emergency generating system which will enable it to coast to a standstill.

While environmentalists say the concrete runway on stilts is an unwarranted eyesore,

Transrapid supporters point out that cows and wildlife are free to graze underneath the track which causes much less disruption than conventional railways. In answer to charges that the train is too noisy, independent experts have recorded just 81 decibels at 300kph, half the noise generated by the TGV.

Invitation for Prequalification for Patnów II Power Plant - Contract No. 6, Electric Power Systems

VAP, a joint venture company in Poland, has applied for a loan from EBRD. A portion of the proceeds of this loan will be used for this contract. On behalf of VAP, Vattenfall Energisystem AB intends to pre qualify suppliers for Electric Power Systems. The plant is situated in the center of Poland. The main objective for the project is to reconstruct two out of eight units, each with an electrical output of 200 MW.

The prequalification is valid for a complete functional delivery comprising design, manufacturing, shop testing, erection and commissioning, for the following scope of supply:

Electric power systems for the two units including unit auxiliary transformers, intermediate and low voltage system, uninterruptible systems, operation and protection systems, cabling system and interconnections with substations.

Prequalification is open to firms from any country.

Applicants may obtain the prequalification documents by calling, writing or faxing to:

Vattenfall Energisystem AB, Project Patnów II Attn: Mr. Curt Andersson, PO Box 528, S-162 15 Vällingby, Sweden Tel: +46-8 739-7332 Fax: +46-8 739-6294.

The request must clearly state "Request for Prequalification Documents for Patnów II, Electric Power Systems".

The documents are available at a non-refundable fee of 50 US dollars. Please make payment by commercial cheque or money order to Vattenfall Energisystem AB. Documents will be promptly dispatched by registered airmail. Vattenfall Energisystem AB will under no circumstances be held responsible for late delivery or loss of the documents so delivered.

The minimum requirement for qualification must be to have successfully carried out, within the last five years, at least three projects of a nature and complexity comparable to the proposed contract and to possess a relevant international experience.

The applications are to be delivered not later than May 2, 1994.

Vattenfall Energisystem AB reserves the right to accept or reject late applications.

Applicants will be advised, in due course, of the results of their applications. Only companies qualifying under this prequalification procedure will be invited to tender.

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EUROPEAN NEWS DIGEST

Entire Slovak cabinet quits



The entire government of the Slovak republic resigned yesterday, rejecting an appeal by President Michal Kováč to remain in office until an interim government was formed, deposed prime minister Vladimír Mečiar said. Mr. Mečiar (pictured left) lost a vote of no-confidence in parliament on Friday after months of wrangling with Mr. Kováč and defections in his own party. Leaders of nearly all the other parties in parliament said they would meet later yesterday to discuss a nominee to form the new government and a timetable for early elections. Mr. Mečiar said he would return to parliament as a deputy to lead his Movement for a Democratic Slovakia in opposition. "I'm going back to parliament, and as a deputy I will disclose further facts about the practices of the president," Mr. Mečiar said. Last Wednesday, Mr. Kováč gave a stinging speech in parliament in which he alluded to corrupt practices in Mr. Mečiar's government. The speech helped trigger the no-confidence vote two days later. *Reuters, Bratislava.*

Russian coal strikes subside

Strikes across Russia's coal industry subsided yesterday as miners began to receive wages overdue from December and January. However, thousands of workers have yet to return to the pits and some union leaders are threatening to turn their financial grievances into demands for a new government. Stoppages took place throughout Russia's coal regions last week. They are also seeking \$70n in state support for the debt-ridden industry. The government has argued that such aid would fuel inflation and put too much pressure on the budget. Moscow is already struggling to keep the deficit down to 10 per cent of gross domestic product this year. Miners' leaders will meet later this week to decide on any further action. *Jill Barshaw, Moscow.*

Spanish economy brighter

There are signs that Spain is emerging from recession but its welfare system must adapt to survive, Mr. Felipe González, the prime minister, said. A slowdown in the growth of registered unemployment last month showed that the economy was picking up, he told the Efe news agency. The improvement would be seen mainly in exports, tourism and construction, he said. Mr. Alfredo Pastor, the economy minister, reaffirmed expectations of export-led growth of 1.3 per cent this year against negative growth of 1 per cent in 1993. He hinted there might be room for further interest rate cuts following a half-point cut in the official benchmark rate to 8 per cent earlier this month. Spain's broad M4 money supply fell 6.3 per cent in February. *David White, Madrid.*

Norwegian hopes rise

Improved economic fundamentals, easier monetary conditions and private sector financial consolidation have paved the way for sustained recovery of Norway's oil-dependent economy, the Organisation for Economic Co-operation and Development says. However, structural reforms are needed to improve efficiency and reduce the budget deficit. It predicts real growth in gross domestic product of more than 3 per cent in 1994 and nearly 4 per cent in 1995. The economy excluding oil is set to expand by respectively 2.25 per cent and 3 per cent. Unemployment, currently at 6 per cent, is expected to decline only slightly. An extensive overhaul of the labour market is needed as unemployment growth can no longer be stemmed by fiscal stimulus and public sector job creation. *Karen Passi, Oslo.*

French struggle to find jobs

Almost three quarters of young French people are so keen to find work that they will take any job they can get, according to an opinion poll published yesterday. The poll for the business daily *Le Tribune* showed that 73 per cent of those aged between 18 and 24 would accept any job. It also showed that 68 per cent said job security was a priority, ahead of an adequate wage or a challenging career. France has an unusually high rate of youth unemployment - one young person in four below the age of 26 is out of work. The government has tried to boost employment among young people with a law allowing employers to pay them less than the minimum wage. *Reuters, Paris.*

Iliescu aide suspended

Romania said yesterday President Ion Iliescu's chief military adviser and the country's foreign intelligence chief had both been sacked, amid press reports of a major spy scandal. The popular daily *Evenimentul Zilei* has linked Iliescu's aide Lt-Gen Marin Fancea and Maj-Gen Gheorghe Dăncuș, head of the Counter-Intelligence Division of the Romanian Intelligence Service (RIS), to a French spy ring. "Gen Fancea was suspended from active duty... I have no information about the newspaper allegations," Premier Nicolae Văcăroiu said. *Reuters, Bucharest.*

ECONOMIC WATCH

Austria's trade deficit falls

Austria's trade deficit was Sch7.1bn (\$802m) in January, down 16 per cent from Sch8.5bn in December, but imports are continuing to outpace exports and the deficit remains much higher than the Sch4.1bn recorded in January 1993. Both exports at Sch4.5bn and imports at Sch4.1bn were higher than a year ago. Private and public consumption remained relatively high throughout Austria's nine-month recession last year, and now that the economy is picking up this is likely to give a further boost to imports. Exports are expected to rise by about 2.5 per cent this year, but analysts expect the trade balance to remain in deficit, with the current account showing a surplus, thanks to earnings from services and tourism. Growth of about 1.5 per cent is expected this year. *Patrick Blum, Vienna.*

■ Norway's trade surplus fell 17.4 per cent to Nkr3.58bn (\$493m) in February from Nkr4.35bn a year earlier. Imports rose 14.5 per cent to Nkr14.35bn and exports were up 8.3 per cent at Nkr17.95bn.

■ Retail sales in the Netherlands edged up a nominal 0.2 per cent in January from a year ago, but were down 1.1 per cent after adjustment for price rises.

■ Spain's broad M4 money supply fell 6.3 per cent in February from January. Lending to the private sector in the period rose 2.9 per cent.

■ The Bank of France said its survey of business leaders in February confirmed a trend towards industrial recovery, with improved output expected in all sectors.

■ French M3 money supply fell 0.6 per cent in January from December, when it fell 1.5 per cent from November. In the three months to January, M3 fell 2.7 per cent from the same period a year earlier, compared with a decline of 1.5 per cent in the three months to December.

■ Registered unemployment in Poland rose to 16.1 per cent of the workforce in February, from 16 per cent in January.

Pollsters keep eye on Italy's red-belt frontier

Robert Graham visits a microcosm of the country's fast-changing political geography



ITALIAN ELECTIONS March 27

The medieval city of Viterbo once bristled with 240 defence towers. From its strategic position on the slopes of Mount Cimino, 50 miles north of Rome, Viterbo has historically controlled the main access to the city from northern Italy.

Today Viterbo still serves a strategic function but of a rather different nature. The town and its unspoiled agricultural hinterland represent the southern frontier of the so-called red belt - the swathe across central Italy dominated throughout the post-war era by the Communist party, transformed since 1991 into the Party of the Democratic Left (PDS).

As campaigning moves into top gear for the general elections on March 27, this electoral college of 245,000 voters has become a microcosm of Italy's fast-changing political geography.

The left is struggling to retain its hegemony, the once powerful centre parties are in retreat and the right is pushing up from the south claiming new respectability under the umbrella of media magnate Sil-

vio Berlusconi's Forza Italia movement.

"This has always been the frontier with the red belt where upper Lazio touches the border with Tuscany," says Dr Ferdinando Signorelli, three times senator for the neo-fascist MSI. "Now they and the centre parties are paying the price for having wasted money with such poor results in local administration."

Dr Signorelli, a prominent local surgeon working in a private clinic, cites the example of Viterbo's new state-run regional hospital. It was started in 1970 and since 1990 has been left unfinished at a cost of L180bn (\$72m).

Dr Signorelli is of the old school, proud to talk of Mussolini's achievements in health-care and paying little heed to the two-month-old metamorphosis of the MSI into the National Alliance. He claims he is sufficiently known to spend little on his campaign for the one senatorial seat of Viterbo backed by Forza Italia.

Mr Berlusconi's movement first appeared on the scene in this town last November. In four months over 40 Forza Italia support clubs have been set up in and around Viterbo. The technique has been the same as elsewhere in Italy.

The prime mover has been Pubblitalia, the advertising arm of Mr Berlusconi's Fininvest media holding. The network of Pubblitalia's representatives and contacts has been used to recruit Forza Italia members, often through Lions and Rotary clubs.

A dentist from a well-known local family, Mr Giuseppe Lazzarini, was persuaded to enter politics as the Forza Italia flag-bearer. He is now contesting one of two Viterbo seats in the chamber of deputies backed by the National Alliance.

Mr Berlusconi has never visited the region to spread his promises of creating jobs and preventing the wicked left from entering government. He does not need to. His message



Silvio Berlusconi: no need to visit the region

and catchy Forza Italia's campaign song came here via the television.

The right has had a strong niche in Viterbo ever since Mussolini established it as a separate province in 1927.

But since 1946 the Communist party either held power alone or shared it discreetly in local administrations with the parties in the national government. This state of affairs continued after the Communists transformed themselves into the PDS in 1991.

After provincial elections last June, it looked as though the PDS had once proven its superior organisation. A PDS-led alliance with other left-wing parties won 83 per



cent of the vote. The Christian Democrat and Socialist vote slumped, while support for the MSI almost doubled to nearly 20 per cent.

The threat of the PDS-dominated Progressives repeating this triumph in the general elections has provided a backlash which in turn has helped polarise local opinion. The Christian Democrats split in January with the mainstream forming the Popular party (PP) and part of it, the newly-baptised Christian Democratic Centre, allied with Forza Italia and the National Alliance.

"We feel squeezed in the centre," says Mrs Luisa La Malfa, an educationalist running for the chamber of deputies for the

allied central grouping of the PFI and Mr Mario Segni's Italian Pact.

"The traditional catholic electorate is confused. The rural vote we feel will hold up for us; but for the rest we have to rely on people mistrusting the left and finding the new right distasteful," says Mrs La Malfa, the sister of Mr Giorgio La Malfa, leader of the small Republican party.

She feels possessing an easily identifiable name is a clear help; but she also believes local issues are important. The main local issue is the extent to which Viterbo should be drawn into Rome's commuter orbit. There is also a big environmental problem. The fate of the power station at Montalto di Castro near Civitavecchia - blocked by the 1987 nuclear power referendum - has put the Greens at odds with their allies, the PDS. Here as elsewhere, the PDS also enjoys an uneasy relationship with the hardline communists who split to form Reconstructed Communism.

All this suggests a closer contest than in the provincial elections of June. The PDS has been placed on the defensive; and if the right does well here and captures a seat in the chamber it will mark a big shift in political allegiance.

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Rostenkowski faces up to poll test in Chicago

Encumbered by a federal investigation into misuse of House post office funds, Mr



Speaking at a working session yesterday afternoon, the first day of the two-day summit, Mr Clarke stressed the importance of active labour market measures - including training and small business stimulation - as well as policies promoting labour market deregulation.

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Mr Samper said the Liberal party must head the transformation which would restore credibility to Colombian politics.

Sleeping in Business Class. A brief history.



1968



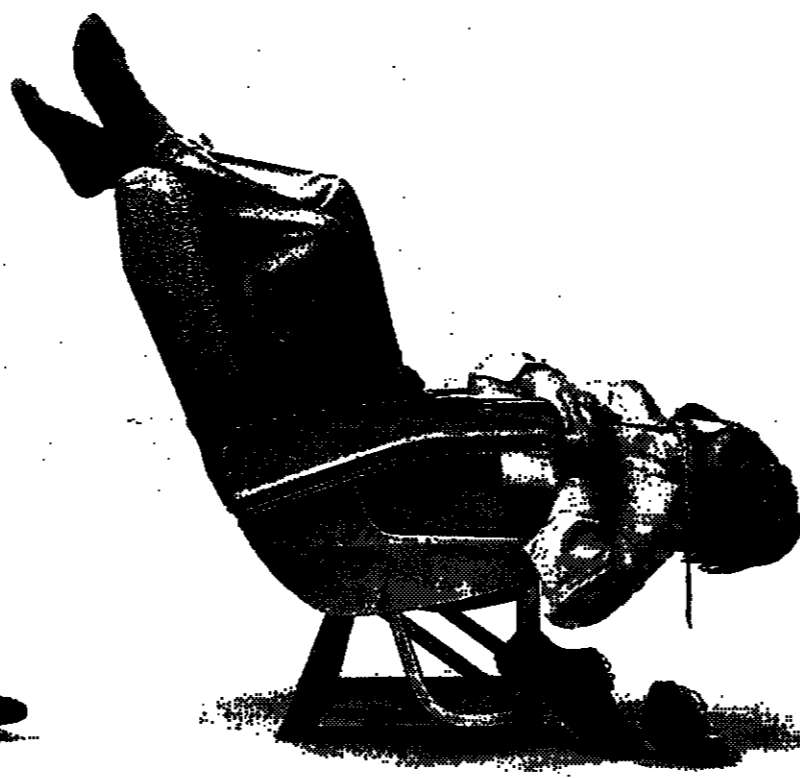
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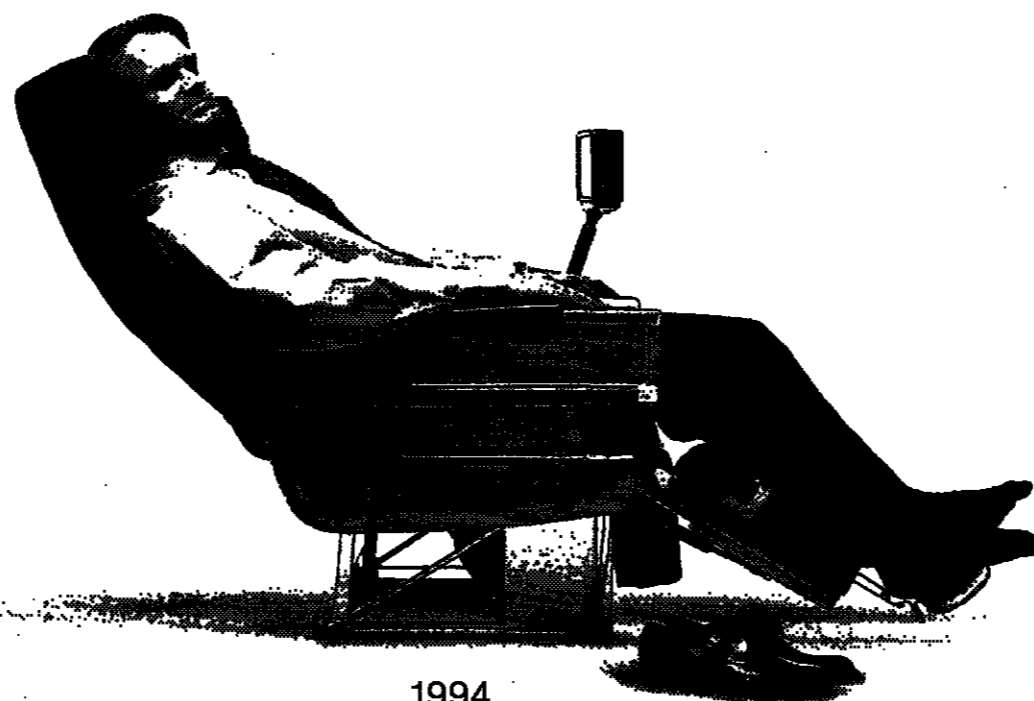
1985



1989



1990



1994

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NEWS: INTERNATIONAL

Long snakes and short ladders in Africa

Unseen hands play snakes and ladders across sub-Saharan Africa. Democracy fitfully emerges in South Africa, is denied in Nigeria. Civil war revives in Angola, Zaire slides towards anarchy, a fragile peace pact holds in Mozambique.

News is as unpredictable as the throw of the dice. Snakes marked Drought, Corruption or Civil War writhe across the board; ladders appear as Debt Rescheduled or World Bank Loan. Short ladders, long snakes... and loaded dice.

As the latest World Bank Sub-Saharan Africa report published at the weekend makes clear, the destination labelled Recovery remains out of reach. A decade of structural adjustment, and net aid flows of \$170bn (£113bn), has stemmed the region's decline but not launched a revival. "Current growth rates among the best African performers are still too low to reduce poverty much in the next two or three decades," warns the Bank.

Whoever is to blame, the policy at the heart of relations between Africa and the west is failing. "Good governance", the concept which links aid to Africa with economic reform, human rights and democracy

Michael Holman on a formula for development failure

has not got to the heart of the continent's predicament.

Admirable in principle, complex in practice, today the policy appears confused. Increasingly the west is placing responsibility for Africa on the World Bank, but providing neither adequate mandate nor clear guidance.

Once enslaved, later colonised, and marginalised in the 1980s, the continent faces a continuing crisis in the 1990s - but with a new dimension.

Africa is not only in danger of losing the battle; the world is losing interest. The countries that led the scramble for Africa's resources some 100 years ago are now disengaging. "If only the west cared enough to want to recolonise us," an African diplomat ruefully observes. "But we're hardly an attractive proposition."

At one level, the west continues to respond positively. Sub-Saharan Africa's share of global aid is up to 38 per cent in 1991 from 17 per cent in 1970. But the critical link between economic and political reform is being neglected, and aid is ineffective.

Under the auspices of the

World Bank's economic recovery programme, Africa's governments were expected to cut budget deficits, curb inflation and monetary growth, introduce competitive exchange rates, reform tariffs and revive agriculture. The good news, says Mr Kim Jaycox, the Bank's vice-president for Africa, is that the formula works: "The six countries that improved their policies the most [over the period 1987-91] saw their GDP growth per capita jump about 2 percentage points per annum between 1981-86 and 1987-91."

The bad news is that this is not nearly enough. The Bank's claim in a 1989 report that African economies could grow at a rate of 4-5 per cent has proved optimistic. Growth has been barely half that, well below the region's 3.3 per cent annual rise in population.

Part of the reason for Africa's failure is made clear in the report. Implementation of the World Bank structural adjustment reforms has been poor, political will lacking, and management resources scarce. But essential to the success

of economic reforms, donors have argued, is a matching programme of political reform. Transparency, accountability and democracy are vital to sustain development, they maintain. The World Bank report agrees, but it does not address how it can be achieved in practice, or assess the part political problems have played in Africa's failure to reach economic targets.

The only reference is to "a strong social consensus on the need to improve governance". Corruption is not mentioned, nor military spending, nor is there any discussion of a central issue: how to reward reformers, punish laggards.

Yet the experience of Bank representatives in capitals across Africa is that this is precisely the area which needs attention.

"Structural adjustment means reducing state patronage," explains a Bank official in west Africa. "Reducing patronage undermines the ruling party. Unless the president is prepared to risk political suicide, there is not enough I can do to force him down a path of reform, whether it's the big stick or the big carrot."

The reason for the report's reticence on "good governance" issues is not hard to find. The Bank, officials privately point out, is constrained by a mandate which precludes it from a political role; and its mandate is determined by the directors - "none of whom wants to rock the boat".

The board's third world appointees tend to reflect the views of their leaders, who would be the last to support tougher measures, say their domestic critics. Developed country directors, may be reluctant to jeopardise commercial or security interests.

But the misgivings of directors representing the biggest donors about applying tougher pressure on reluctant African reformers stem from a further, more understandable concern: the generally poor performance of Africa's opposition parties.

After the high hopes of the "new wind of change", the wave of democratisation that swept through Africa in the late 1980s, opposition parties have turned out to have most of the weaknesses of the regimes they oppose: ethni-

Intensive US diplomatic efforts near to bearing fruit

Israel-PLO talks likely to resume soon

By Julian O'Connell in Jerusalem

Israel and the Palestine Liberation Organisation yesterday edged towards resuming peace talks amid intensive US diplomatic efforts, as Mr Yitzhak Rabin, Israeli prime minister, prepared to fly to Washington.

"Negotiations are about to be resumed," said Mr Yossi Sarid, Israel's environment minister. Mr Sarid said he hoped official talks would begin at the end of this week and urged the PLO not to set pre-conditions but to bring their demands to the negotiations.

However, a PLO official in Tunis described the Israeli remarks on early resumption of talks as "very optimistic".

The PLO suspended talks two weeks ago after the massacre of some 30 Palestinians by a Jewish settler in Hebron.

Mr Sarid's comments came after an Israeli delegation led by Mr Uri Savir, Foreign Ministry director general, met Mr Yasser Arafat, PLO chairman, in Tunis to detail Israel's response to PLO demands on security for Palestinians in the occupied territories.

Officials said Mr Arafat demanded the deployment of an international force in the territories to safeguard Palestinian security, and the swift conclusion of negotiations on Palestinian self-rule in the Gaza Strip and West Bank area of Jericho. Mr Arafat also asked Israel to name a date when he and his senior colleagues could return to take up residence in Jericho.

Mr Dennis Ross, US Middle East envoy, and Mr Terje Rød Larsen, a Norwegian mediator, also met Mr Arafat and senior PLO officials in Tunis yesterday to try to save the Israeli-Palestinian peace process. PLO officials in Tunis described the meeting as "crucial", and said they expected Mr Ross to hold

a second meeting with Mr Arafat later last night.

The PLO has said it will not return to formal peace talks until the US and Russia, co-sponsors of the Middle East peace process, guarantee implementation of a United Nations Security Council resolution condemning the Hebron massacre and calling for measures to protect Palestinian lives. The vote on the UN resolution, due last night, was yesterday postponed for the fourth time by the Security Council, without explanation.

Before departing for Washington, Mr Rabin said: "I believe we will put the peace negotiations back on track. Those who want peace have to know how to overcome painful events." His government also stepped up the crackdown on extremist Jewish groups banned and branded terrorists by the cabinet on Sunday.

Israeli police raided the homes of settlers in the heart of Hebron, confiscating weapons and issuing arrest orders. Police officials said 23 movement restriction warrants would be served on followers of the two anti-Arab groups - Kach and Kahane Lives - which advocate violence against Palestinians.

Observers said Mr Rabin was determined to have the crackdown under way before arriving in Washington, where he may face pressure from US officials to do more to rein in militant Jewish settlers. Mr Rabin is also likely to come in for criticism for the continuing aggressive settlements policy of Jews in what the government calls "Greater Jerusalem" but which is actually part of the occupied West Bank. More than 200,000 Jews have now settled in Arab East Jerusalem and the settlements considered part of "Greater Jerusalem", outstripping the Palestinian population.

Inkatha 'may still join all-race poll'

By Patti Waldmeir in Johannesburg

A senior member of the Zulu-based Inkatha Freedom party said yesterday that the party might still participate in South Africa's first all-race elections, despite its failure to register candidates for the poll by last Friday's deadline.

Mr Ben Ngobane, a member of Inkatha's executive, said that "far from being out of elections, the IFP has yet to decide on participation or non-participation". But the conditions he set for participation may make it difficult to ensure Inkatha takes part in the April 26-28 poll. He stressed that international mediation must result in changes to the constitution, and agreement must be reached on the constitutional status of the Zulu king. Goodwill Zwelithini, before Inkatha would take part.

African National Congress and

Inkatha negotiators are continuing to discuss the issue of international mediation, but with only six weeks to go until polling, results may be delayed until near the date. If this happens, Inkatha is counting on a decision to delay the election, but ANC leader Nelson Mandela is adamant there will be no delay.

The Independent Electoral Commission has said Inkatha's name has been deleted from ballot papers being printed at the moment in Britain. But Mr Ngobane said he believed President F.W. de Klerk could change the deadline for registration by proclamation, if he so desired.

President de Klerk warned of the risk of serious violence in Inkatha's Natal province stronghold if the party boycotted the elections, and ultra-right leader Eugene Terre'blanche said South Africans were "heading for chaos, not an election".



President F.W. de Klerk greeting a commuter on an election campaign train ride in Pretoria yesterday

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Battle for Australian pay-TV worthy of the medium

Nikki Tait on a struggle between the media heavyweights and the underdogs for satellite broadcasting licences

The convoluted power games surrounding the introduction of pay-TV in Australia would do credit to any television soap opera.

On one side are the nation's media heavyweights, including Mr Rupert Murdoch's News Limited and Mr Kerry Packer's dominant Nine Network, as well as Telecom, the giant state-owned telecommunications group. They are joined by Network Ten and Seven Network, two other commercial TV stations, in a consortium known as PMT.

On the other are a couple of fledgling companies and joint ventures which - to everyone's surprise - have ended up as holders of two satellite broadcasting licences.

The big game was to overturn those licence awards and headed into court last month, on the grounds that the authorities did not comply with the bid guidelines, to try to do so. But government ministers appear to have stepped in - perhaps aware that the pay-TV saga does nothing for Australia's image and reportedly concerned that one state agency (Telecom) was suing another (Australian Broadcasting Authority, which awarded the licences). On Friday, via a five-minute court hearing, the consortium's action was withdrawn.

For one of the licence holders, the recently floated Australis group,

this is a huge relief. Had a legal wrangle developed, its imminent fund-raising plans, expected to involve about A\$200m (\$38.5m), could have been jeopardised.

But while the underdogs may have won the latest battle, the real question is whether they have won the war. Analysts, looking at the opposition's clout, are doubtful.

"Murdoch and Packer are not likely to let Australis steal their market," says Mike Magnan, at Prudhoe Securities.

In theory, Australia's 18m inhabitants should be a ready market for subscription services. Disposable income is high and TV-watching is an ingrained habit. About 60 per cent of households have two televisions, according to a survey by the Australian Broadcasting Authority. About 83 per cent own a video recorder.

But, for various reasons, pay-TV never got a look-in during the 1980s. This spared the nation's existing commercial networks any threat to their revenues. Only in 1991 did the Labor government lift a moratorium on subscription services.

Even then, it took another two years, and furious political jockeying, before a system for allocating satellite licences was devised. A two-channel licence was reserved for the state-owned Australian Broadcasting Corporation (the C



Kerry Packer (left) and Rupert Murdoch: outbid for four-channel licences

licence). Two other four-channel licences (A and B) were put up for auction last April.

The A licence was subject to stringent cross-media ownership rules and designed to attract new entrants. The B licence, by contrast, was expected to go to the newly formed alliance between Messrs Murdoch and Packer and Telecom.

But PMT was outbid, and the A and B licences ended up in the

hands of two largely unknown companies, UCOM and New World Telecommunications. Behind both was a Lebanese-born computer distributor, Mr Albert Hadid.

At the end of 1993, Mr Hadid sold the B licence on to Australis Media, acting in conjunction with Lenfest, a US-based cable company. The A licence, meanwhile, went to a joint venture between Continental Venture Capital, an Australian invest-

ment company, and Century Communications, another second-league US cable operator.

With a legal challenge to Australis in effect now ruled out, observers are wondering what cards PMT, or its members individually, will play next.

There are some areas that will be closely watched. First, Australis has yet to tie up any programming. Second, its plan envisages that satellite services will be delivered into most homes via microwave delivery system (MDS) which cuts out the need for a satellite dish.

This latter element could prove a problem in the short term, given that Mr Bob Collins, the former communications minister, decided last year that MDS delivery of pay-TV should be banned until after the satellite system was up and running. Australis says that there is nothing to stop the ABA doing preparatory work on MDS delivery approvals, and then giving the green light simultaneously with the satellite launch.

But even if these issues are put to one side, it seems that the PMT pressures on Australis are likely to increase. Most immediate, for example, is the danger that other technologies for delivering pay-TV will steal a march or at least woo the most accessible consumers and create enough confusion to make satel-

lite marketing difficult.

Only days after the PMT lawsuit was filed, a company called Cable Television Services announced a deal with Telecom which, it claimed, "would launch Australia's first pay-TV service in July 1994".

CTS is headed by Mr Lynton Taylor, a former senior executive at Mr Packer's Nine Network. He was chairman of the PMT consortium until November. CTS's plan is to deliver a 10-channel service via a cable network provided by Telecom. Much of this is in place, with fibre-optic cables extending to the local exchanges, although Telecom would have to cable the final stretches into the home.

CTS says it has finalised programming agreements with Turner Broadcasting in the US, giving it non-exclusive rights to CNN, the Turner Cartoon Channel, and TNT, the movie channel.

However, it will be months or years before most Australians see any benefit. Pressed for details, Telecom says the plan is to hook up about five high-density Sydney suburbs by the July launch date, bringing the CTS service to perhaps 6,000 homes at the outset. Even on the CTS forecasts, this cable network will reach only 1.1m homes, a fifth of the nation's households, in three years' time.

Telecom says that it is in discus-

sions with various other would-be cable operators. "There's a high probability that some additional agreements will be reached, although only two others are of the size of CTS," says Mr Ross Kelso, manager of the regulatory and technology aspects of Telecom's pay-TV strategy.

The telecoms group is also talking about running trials of an alternative ADSL (asymmetric digital subscriber line) cable system in 1995 on a commercial basis. This would send video images down existing copper wires into the home. If successful, this might be a cheaper and easier way of delivering subscription services to outlying areas.

For some observers, then, the final outcome of Australia's pay-TV battle is plain: PMT, or its members, will end up making life so difficult for Australis, that either the company, or its B licence, will eventually end up in the consortium's hands.

Mr Magnan, for example, agrees that this is a likely outcome - "but not at these prices", he warns.

For consumers, meanwhile, the upshot is an array of possibilities. Many promises but no service yet. Two decades after pay-TV became available in the US, Australia - home to some of the world's best-known media moguls - is still waiting.

N Korean nuclear inspection completed

Experts from the United Nations nuclear safeguards agency have completed their inspection of North Korea's declared nuclear sites and will leave Pyongyang today, the agency said yesterday. Reuter reports from Vienna.

International Atomic Energy Agency (IAEA) spokesman Mr David Kyd refused to say whether the inspections had been a success.

"Certain restrictions were placed on what they could do at one or two locations and it's a question of how seriously these will be viewed," he said.

The US has made unimpeded IAEA inspection of the seven declared sites a condition for holding high-level talks with the North Koreans in Geneva at the end of next week.

The talks were part of a package negotiated by the US, North Korea and South Korea to defuse tensions on the Korean peninsula and stop North Korea from proceeding with a nuclear arms programme.

If the IAEA's six-man inspection team reports it was prevented from carrying out a meaningful examination of the nuclear facilities, the deal could be in danger.

New Zealand balances books

The New Zealand government expects to balance its books in the financial year to March 31, Minister of Finance Bill Birch said yesterday, writes Terry Hall from Wellington.

Last October, the government forecast a deficit of NZ\$1.8bn (\$886m) this year, and balance by 1996. However, tax revenues were running NZ\$800m higher than expected, Mr Birch said, while government spending was NZ\$400m less than forecast. He predicted a surplus of NZ\$300m next year.

Togo opposition wins election

Opponents of Togolese President Gnassingbe Eyadema won a majority in parliamentary elections, limiting presidential power and obliging Mr Eyadema to appoint a prime minister from the ranks of his rivals, Reuter reports from Lome.

Results of last month's polls, announced yesterday by Togo's Supreme Court, gave Mr Eyadema's Togolese People's Assembly and its allies 55 of parliament's 91 seats, while the rival Action Committee for Renewal and Togolese Union for Democracy won 43 seats between them.

Business monthly for Vietnam

Swiss publisher Ringier yesterday launched Vietnam's first English-language monthly business magazine, Reuter reports from Hanoi.

The Vietnam Economic Times, which focuses exclusively on doing business in Vietnam, was launched with an initial print run of 16,000, half of which would be circulated abroad, Ringier said. Ringier's partner is the Vietnamese Association of Economists, with which it publishes the Vietnamese-language Weekly Vietnam Economic Times.

Chinese bring business to new Vietnam

Would-be refugees are now exporters, Iain Simpson writes

Ten years ago, Vuoi Khai Thanh spent his life trying to find a way out of Vietnam for himself and his family. He failed to do so, but now is one of the most successful entrepreneurs in the country.

Mr Thanh, an animated, gold-toothed man in his mid-40s, runs Binh Tien Text Corporation, which is universally known as BTT's after the shoes the company manufactures.

Binh Tien was set up in 1982 with 30 workers in two small workshops churning out rubber sandals for export to eastern Europe.

Now, 11 years later, Binh Tien is worth \$15m (\$3.3m) and produces some 8m pairs of footwear exported all over Asia and to the rest of the world.

In the late 1970s, Mr Thanh wanted to leave Vietnam because he is ethnically Chinese and at that time the government was making a serious effort to force all ethnic Chinese people out of business. A few years later, the situation changed and he decided to stay.

"I could have left in 1986 because my brothers and relatives abroad sponsored me and I was ready," he says.

"But then I changed my mind because I saw better opportunities in Vietnam due to the open policy of the government, so I stayed."

Now, his brothers are coming back. Some have invested in other projects in Vietnam; others are working to set up representative offices for BTT's in the US as soon as the economic embargo is lifted.

Cho Lon, the Chinatown of Ho Chi Minh City, became a

in search of investment opportunities.

They are well placed to profit from the government's economic reforms, using links with family and friends to explore business prospects. Those who have done best out of the reforms, though, are people like Mr Thanh who never left the country.

Another man who profited by staying behind is Lo Ky Nguon. He runs Viet Hoa Construction, which literally

Ho Chi Minh City is again the country's driving force, and the ethnic Chinese are back in centre stage

means "Vietnamese-Chinese Construction," and he has just been instrumental in establishing the Viet-Hoa Bank.

Viet Hoa Construction was formed five years ago to build the An Dong Centre, a five-storey market and retail complex with a hotel on top.

The project was intended as a token of the ethnic Chinese community's faith in Vietnam's economic reforms and all the investors in the project are ethnic Chinese.

The first development was so successful that the group is now building An Dong Two on a site next door. This time, the plans are much less modest.

An Dong Two will be a 22-storey block, built of steel and glass, and will, Mr Nguon says, be the most spectacular building in Cho Lon.

The company is also developing several other commercial sites, as well as building a series of residential blocks in a joint venture with a Taiwanese construction company.

Like his counterpart at BTT's, Mr Nguon stayed in Vietnam when his relatives and friends were queuing up to leave.

After modest beginnings in manufacturing, he too has become a successful entrepreneur in Ho Chi Minh City and is acting as an adviser to overseas Chinese and Sino-Vietnamese who are interested in returning to invest in the country.

"I have met a lot of friends who lived here, then went abroad but have now decided to come back and invest here," Mr Nguon says.

"This is because there is an economic decline in the countries where they are now living. So they want to invest here again, where the economy is growing fast."

Estimates of the wealth that was lost, hidden or smuggled out of the country by ethnic Chinese people in the 1970s vary widely, but there is no doubt it runs into the tens of millions of dollars.

Slowly and, in most cases, quietly, a great deal of that money is now being put back to productive use.

Unions cut links with Hosokawa partners

By William Dawkins in Tokyo

A fresh crack appeared in the structure of Japanese politics yesterday, when four unions, representing 1.8m voters, cut links with the Social Democratic party.

This opens the way for more switching of alliances in Premier Morihiro Hosokawa's seven-party coalition, in which

the Socialist party is the largest member. The unions, representing teachers, municipal, telecom and postal workers, are members of the San-shiro Keiso union federation, which has always backed the SDP.

Unions say they want the freedom to support liberal politicians from the coalition and opposition Liberal Democratic party, to help create a new

centre-left grouping. This is a stage in the realignment of Japan's politics pushed on by the recent parliamentary passage of plans to reform the political system. The coalition and LDP are expected to evolve into two to three groupings to fight a general election under the new rules late this year or early next.

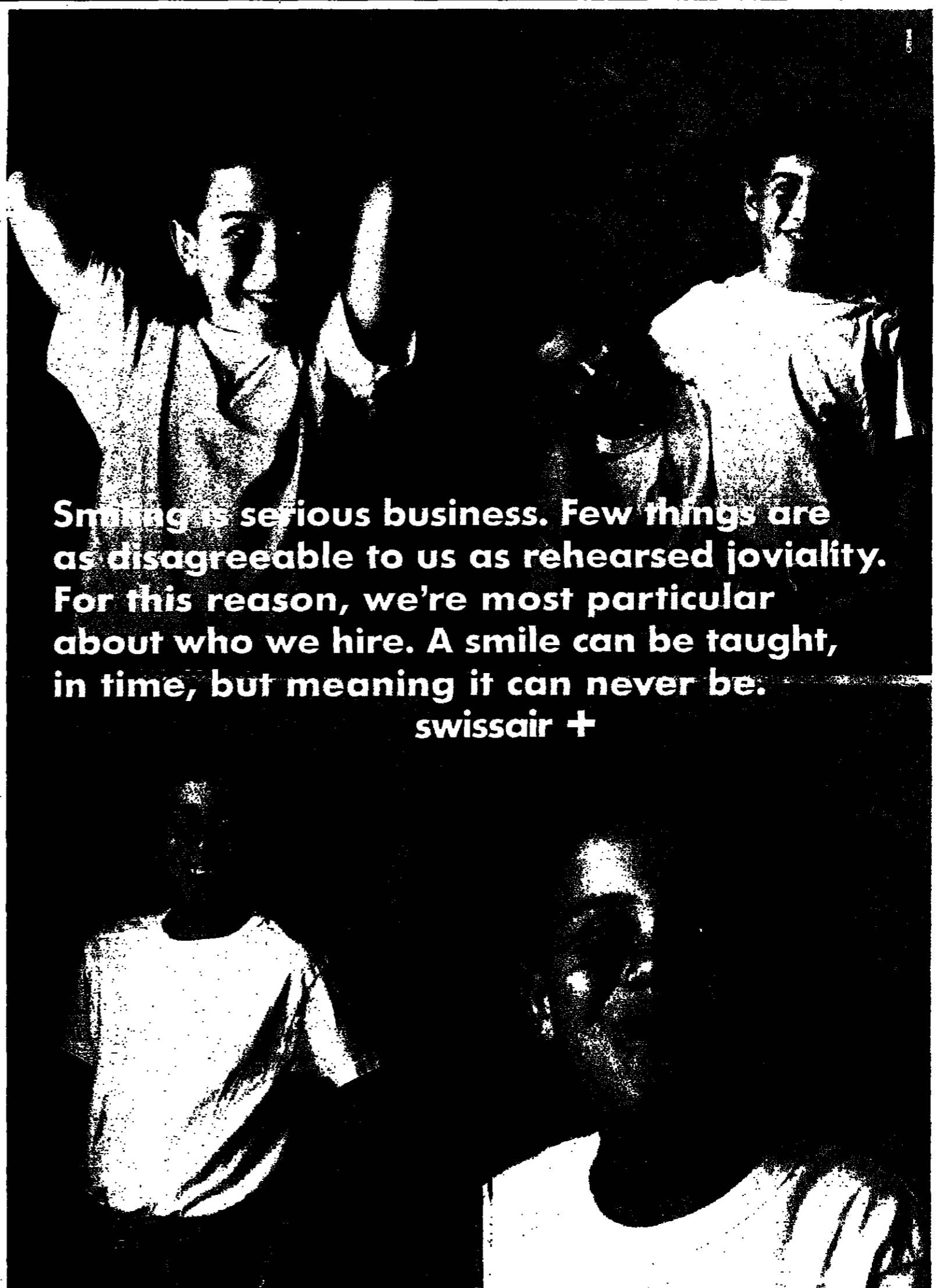
The LDP yesterday

relaunched its campaign to destabilise Mr Hosokawa. It is blocking parliamentary debate on next year's budget until he fully discloses alleged dealings with Sagawa Kyubin, a trucking company involved in a political corruption scandal.

Mr Hosokawa has admitted he borrowed ¥100m (\$641,000) from Sagawa 10 years ago, but repaid this with interest by

1991. He denies LDP allegations he illegally used the cash in an election, and says this was a private loan.

The LDP budget blockade is causing disquiet at the Finance Ministry, which has warned it may not be able to deliver Mr Hosokawa's recent tax cuts without a budget for the fiscal year starting at the end of this month.



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NEWS: WORLD TRADE

Kumagai sells stake in Thai expressway

By Victor Mallet in Bangkok

A dispute between Kumagai Gumi, the Japanese construction company, and the Thai authorities over a \$1bn (£600m) elevated motorway in Bangkok was resolved yesterday when a consortium led by Thai investors bought Kumagai's 65 per cent stake in the project.

The dispute had cast a shadow over other proposed Thai infrastructure projects because Kumagai and international banks financing the toll-road accused the Thais of breaching the revenue-sharing contract and effectively nationalising the road as soon as Kumagai had built the first 20km section.

Full details of the accord signed yesterday were not released, but executives from both sides said a consortium led by Ch. Karnchang, a Thai construction company with close links to the armed forces, was buying Kumagai's equity in the Bangkok Expressway Co

(BECL) for about Bt3.5bn (£53m).

They also said the new partners in BECL would pay off the dissatisfied international banks immediately, releasing them from the project in accordance with their demands, and would pay unpaid creditors - including construction companies and materials suppliers - as soon as possible.

Kumagai executives put a brave face on yesterday's deal, although at best the company is likely to have broken even on the project after five years of work. Higher than expected traffic on the road, boosted by congestion on the streets of Bangkok below, has now made the project into a cash cow.

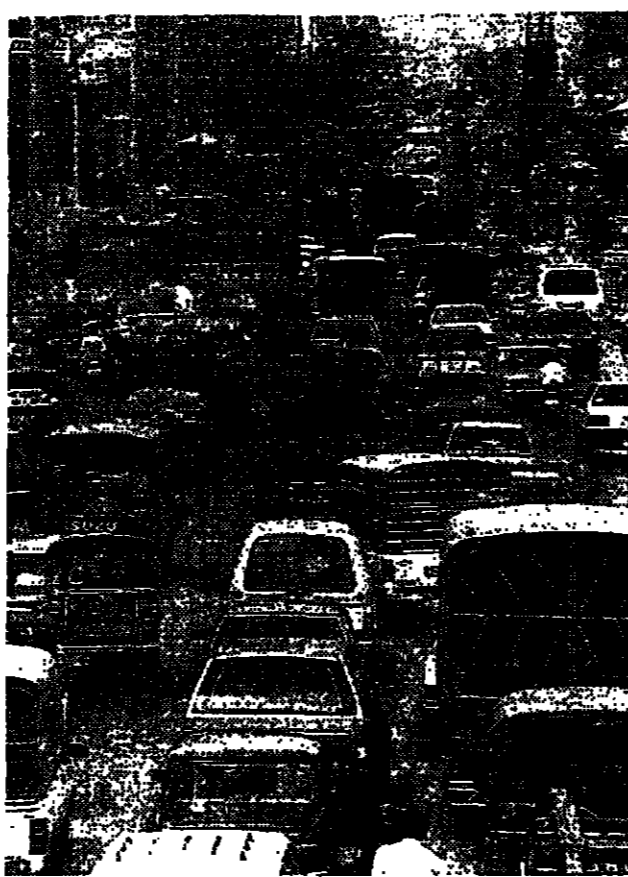
Ch. Karnchang executives were jubilant following weeks of negotiations to secure support from Thai banks and finance companies. They plan to build a further 10km of the road by October 1995 and to list BECL on the local stock exchange as soon as possible. A

move that will probably mean substantial capital gains for the new shareholders.

Replacing Kumagai as project manager is a new joint venture including Ch. Karnchang, its partner Tokyu Construction of Japan, and Bilfinger and Berger of Germany; they will also be shareholders in BECL.

The foreign banks, including National Westminster, Credit Lyonnais, the Asian Development Bank and several Japanese banks, previously said were owed about \$145m.

"The money is to be remitted tonight," said Mr Athuek Asavanand of legal firm Baker and McKenzie, which drafted yesterday's agreements for Ch. Karnchang. He said the next section of the road would be financed by Thai banks, "but in the future the company [BECL] would invite foreign banks". He added: "The creditors will be paid but not tomorrow... We need contractors and contractors need us. Everyone is happy."



Heavy traffic in Bangkok snarls around excavation work during construction of part of the Thai capital's new \$1bn expressway

The Japan that insists it can say No says Yes

Michio Nakamoto on satisfaction in Washington and embarrassment in Tokyo at cell phone deal

The young sales lady at the IDO Plaza in central Tokyo reached over the counter to pick up a mobile phone from a row of nearly a dozen, mostly Japanese, models the company offers.

She chose a Motorola Microtel.

"If you are thinking of subscribing to a cellular phone service, we have two systems you can choose from," she said, brandishing the Motorola. Whatever the complaints about uneven access to Japan's cellular phones market the US may have had, in the shops where Motorola's handsets sit side by side with those of Japanese makers, the trans-Pacific argument over mobile phones that has become a US crusade to open Japan's markets, seemed worlds away.

The Japanese government has tried to keep the latest bilateral bickering strictly in the hands of private business. But the agreement reached over the weekend dashed any hopes that in the world of US-Japanese trade anything that promises as much profitable growth and fierce competition as Japan's mobile phones market can be left strictly free of government intervention.

The agreement between Motorola and IDO, the Japanese mobile phone operator, has, for now, satisfied both the US government's, and Motorola's, contention that greater investment by IDO in Motorola's system was needed to ensure fair access to the Japanese mobile phones market.

The US side has hailed the agreement as a model that could be used to resolve other bilateral trade disputes. For US negotiators who have been angered by Japan's refusal to agree to measurable indicators in opening the country's markets to imports, the IDO-Motorola deal contains just about everything they have been calling for.

There are concrete figures - IDO has consented to build 159 additional base sta-

tions for Motorola's mobile phones systems in the Tokyo-Nagoya region and reallocate 1.5MHz of radio frequency to the US system.

There is a time scale - IDO has consented to begin operating those additional base stations and provide coverage to 95 per cent of the population in its region by the end of fiscal 1995.

And, most important, there is a government pledge to ensure that IDO carries out its commitments. The Japanese government agreed to monitor IDO's progress in fulfilling those goals and to "take all available measures to ensure compliance".

"We think (the agreement) ends a long 10 years of frustration," Mr Walter Mondale, US ambassador to Japan, said yesterday. "We believe that both Motorola and IDO are pleased with it and that it is good news for the Japanese consumer."

In Japan, however, officials have found themselves desperately fighting any suggestion that the government has caved in to US demands.

Having resisted just a month ago US calls for the setting of numerical indicators to measure the openness of its markets and having underlined, to wide public acclaim, the "need to say No" at times to US demands, the government appears to have turned around completely and swallowed precisely those demands.

The government has tried to pretend that its involvement was limited to merely giving its stamp of approval to a private business agreement. Mr Takenori Kanazaki, the minister of posts and telecommunications, stressed that the agreement did not represent Japanese acceptance of US demands for objective criteria in opening up the country's markets.

Mr Masayoshi Takemura, the chief cabinet secretary, was yesterday also obliged to defend the Japanese position, stating that Japan had

not bowed to US pressure.

"It is not that we yielded to US pressure, but the agreement was reached after private level talks made headway," he said.

Their defence of the Japanese position reflects the extent of public concern in Japan that the mobile phones agreement has sent the wrong signal to the US.

The fear in Japan is that not only has the agreement confirmed US suspicions that trade can be "managed" by applying sufficient pressure on the Japanese government in the form of threats of sanctions, it has also provided the US with a strong case for proceeding in a similar manner on other bilateral trade issues. Despite protests to the contrary, the Japanese bureaucracy's central role in the negotiations is well recognised. "I thought it was charming to sit in the ministry of posts and telecommunications and to hear that the government was not involved," Mr Mondale said yesterday.

Neither has IDO managed to hide its unhappiness with the deal. "The agreement is not all positive," Mr Toshio Enomoto, vice president of IDO said in reference to the enormous capital investment the company is being forced to make in Motorola equipment - up to ¥60bn (£300m) from a planned ¥27bn.

And while Japanese officials were at pains to explain that the agreement would not set a precedent for other bilateral trade deals, the US side is already pointing to the deal as a model for others to come.

By showing what can be achieved when decisions are made at high government levels, when the two sides get practical and results-oriented, the agreement provides a lesson for "how to proceed on other matters", Mr Mondale said.

If that is the lesson the US learned from the agreement, Japanese concerns that it has set a risky precedent could prove well founded.

GEC will build \$1.5bn power station in India

By Stephanie Gray

GEC, the big UK industrial group, yesterday signed a memorandum of understanding worth \$1.5bn (£1.02bn) to build a 1,000MW coal-fired power station in Maharashtra state, India. It will also take a \$100m equity stake in the project which will sell power to the state electricity board.

The memorandum was one of three signed yesterday after Mr P.V. Narasimha Rao, India's prime minister, saw Mr John Major, his British counterpart, in London to review the year-old Indo-British Partnership Initiative (IBPI) established when Mr Major visited India with a group of businessmen in January 1993.

Rolls-Royce signed a memorandum of understanding to transfer transformer technology to Kirloskar Electric of Bangalore, and GPT, the tele-

coms equipment joint venture between GEC and Siemens, signed one for a communications contract in Bombay.

Britain is India's largest investor with assets of more than £2bn. Co-chairmen of the IBPI told a news conference that it had led to a 26 per cent increase in UK exports to India and a 20 per cent rise in imports from India.

The two countries also signed an investment protection agreement, including intellectual property rights. The UK is the first country with which India has signed such an agreement.

The accord, aimed at nurturing the IBPI - extended for a further year from the original one year - offers two-way protection for a wide range of investments including movable and immovable property, mortgages, liens, pledges, shares and stocks.

Mr Robert Evans, chairman of the British side, said that while the latest Indian budget had been welcomed, there remained reservations in the areas of transfer of capital, industrial relations, the tax regime and intellectual property rights.

Dr Jamshed Irani, the Indian chairman, welcomed the initiative's success and denied that there had been complaints from some smaller Indian companies about the inequality of the relationship with British partners.

● Nuchem-Weir, a joint venture between India's Nuchem Plastics and Weir Westgarth of the UK, is entering the rapidly growing bottled drinking water market in India. Andrew Baxter writes. They will build a water purification and bottling plant at Nuchem-Weir's headquarters in Faridabad.

China-Gatt talks to resume today

By Frances Williams in Geneva

Negotiations on China's application to rejoin the General Agreement on Tariffs and Trade resume today, but trade diplomats said yesterday they expected little progress during the four-day meeting. The latest stand-off between the US and China over human rights made a breakthrough unlikely.

With the US continuing to threaten non-renewal of China's most-favoured-nation status because of lack of progress on human rights issues, US trade officials in Geneva were in no position to offer China the prospect of early Gatt membership, officials said.

The tense relationship between Washington and Beijing has repeatedly dogged China's Gatt membership talks, which began in 1987. They came to a halt after Beijing's suppression of student demon-

strations in 1989, and have since limped along in half-hearted fashion.

However, China is now extremely anxious to speed up the talks with the aim of joining Gatt by the end of the year, enabling it to become a founding member of the new World Trade Organisation which will succeed Gatt in 1995.

This aim is backed in principle by most Gatt members, including the European Union, and supported by Mr Peter Sutherland, Gatt director-general, who wants the WTO to have near-universal membership. Sir Leon Brittan, EU trade commissioner, has said trade and human rights should be dealt with separately.

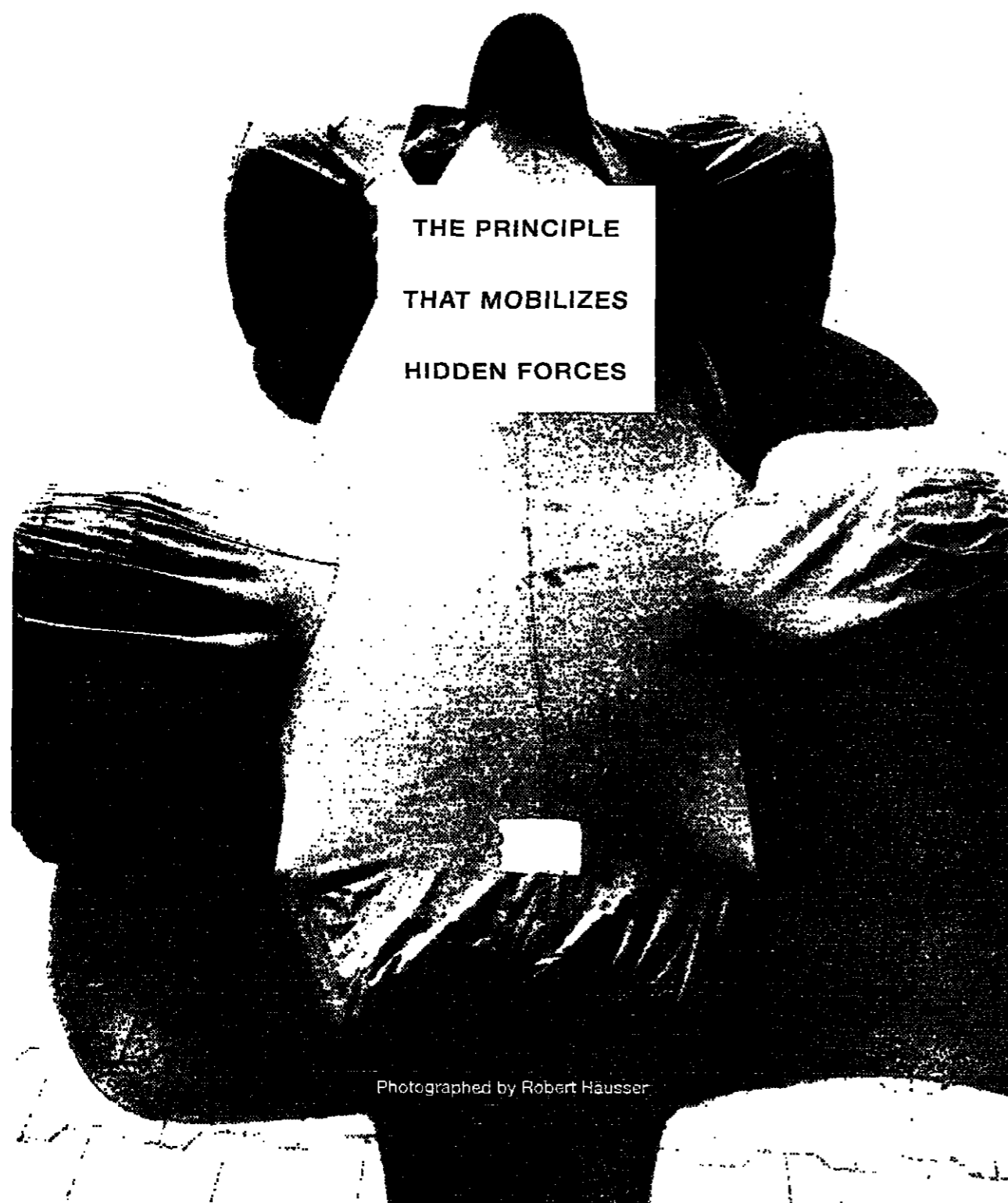
However, the EU and others want China to join with special conditions reflecting its partial transformation to a market economy, such as safeguards against surges in exports.

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Photographed by Robert Häusser

Emergency law set to clarify receivership ruling

By Kevin Brown and Andrew Jack

The UK government is to bring in emergency retrospective legislation to reverse an appeal court ruling which threatened tens of thousands of jobs at companies in receivership or administration.

Mr Michael Heseltine, secretary of state for trade and industry, told the House of Commons yesterday that a bill would be introduced "as a matter of urgency" to remove uncertainty caused by the court ruling.

Mr Howard Davies, Director General of the Confederation of British Industry, said: "If Mr Heseltine had not stepped in with the promise of immediate legislation hundreds more companies would have gone out of business, and thousands of their workers would have lost jobs."

The statement follows two weeks of intensive lobbying by insolvency practitioners, who had already begun to lay off staff at insolvent companies rather than risk incurring additional employment costs.

Their action was triggered by a controversial ruling involving Paramount Airways, the charter airline which is in administration under the 1986 Insolvency Act.

The court ruled that where administrators or receivers continue for more than 14 days after their appointment to employ staff and pay them, they are in effect liable for employees' holiday entitlements, pay in lieu of notice, and other responsibilities under their existing contracts.

Under the emergency legislation, administrators and receivers will be able to adopt restricted contracts of employment, excluding employment costs other than wages, salaries and pension contributions.

Other liabilities arising from employees' original contracts will remain, but would be treated as an unsecured claim against the company.

However, the legislation will do nothing to reduce the impact of the appeal court ruling on companies

already in receivership or administration, including Paramount itself.

The creditors of the company met yesterday and are believed to have tentatively agreed to take their case to the House of Lords on condition that most of the legal costs are paid by the insolvency profession.

Mr Heseltine said the practice of administration had been "placed in jeopardy" by the court judgement, "with all that that means for jobs, commercial activity and business confidence."

Trade and industry department officials are working full time on the bill, which has opposition support and is expected to become law within two weeks.

Under rarely-used emergency procedures it will go through all its stages in both houses in 24 hours and take effect retrospectively from midnight last night. Administrators who are in the first two weeks of their appointment will benefit from the new rules if they delay acceptance of contracts until today.

£4m plan for English language teaching

By Raymond Snoddy

Four British organisations yesterday launched a £4m campaign to teach the English language to millions of people all over the world.

The core of the Look Ahead campaign is a new 60-part series of television programmes backed up by 60 complementary radio programmes and self-study and classroom materials.

The Look Ahead television and radio programmes aim to build on the success of the BBC's Follow Me series which was broadcast in over 70 countries and in China alone had an audience of more than 500m viewers.

The Look Ahead project brings together The British Council, BBC English - the English language teaching department of the BBC World Service - publishers the Longman Group - part of Pearson (owners of the Financial Times) - and the University of Cambridge Local Examinations Syndicate.

Worldwide, more than 300m people speak English and 700m use it as a second or foreign language.

According to Look Ahead, over two thirds of the world's scientists publish in English and 80 per cent of the world's electronic information is stored in it.

An estimated 1bn people will want to learn English or improve their ability in the language between now and the year 2000 - a global industry worth £500m a year to the UK alone.

Mr Roger Bowers, director of professional services at the British Council said the initiative would enable a student in Brazil following the classroom course to take an international examination or a teacher in China watching the television programmes "to open a window on the wider world for her students." The Council is represented in 101 countries worldwide.

Look Ahead was launched yesterday by Prince Charles in his capacity as vice-patron of the British Council.

'Factory gate' figures revive rate cut hopes

By Philip Coggan, Economics Correspondent

Hopes of further cuts in UK base rates were revived yesterday by figures showing that inflationary pressures remain subdued.

Output, or factory gate, prices of home sales of manufactured products rose by 2.3 per cent in the 12 months to February, compared with an increase of 3.7 per cent in the year to January.

The news helped sentiment on the stock market, where the FTSE 100 index climbed 41.5 points to close at 3,233.4. Shares were also buoyed by Friday's rise on Wall Street and a strong performance on the European markets. Gifts were encouraged by the figures, with the June long gilt future closing half a point higher. However, bond markets remain nervous ahead of this week's US inflation data, which some dealers fear might prompt the Federal Reserve to signal an increase in interest rates again.

Producer price statistics are generally seen as a good indicator of the future path of retail price inflation and yesterday's figures were better than expected. The Central Statistical Office said output prices rose by an unadjusted 0.1 per cent between January and February, compared with a consensus forecast of 0.3 per cent.

If the volatile elements of food, drink, tobacco and petroleum are excluded, output prices rose also by a seasonally adjusted 0.1 per cent between January and February. The annual growth in this measure - seen as an indicator of "core" inflation - was just 2.4 per cent, down from 2.6 per cent in January. Furthermore, the core rate appears to be falling. On an annualised basis, prices over the three months to February were just 1.2 per cent higher than in the previous three months.

Mr Adrian Cooper, UK economist at James Capel, said the figures indicated that "disinflation is very broadly spread across the manufacturing sector as a whole". He added that the figures represented a "necessary, but not sufficient condition" for a further interest rate cut, which was likely to be triggered by signs that April's tax increases were slowing the recovery.

The market was also cheered by news of continuing declines in manufacturers' costs. Input prices - the prices of fuel and raw materials bought by manufacturing industry - rose 0.3 per cent, on a seasonally adjusted basis, between January and February.

Over the 12 months to February, input prices fell 3.6 per cent, compared with a 3.3 per cent drop in the year to January; a fall in oil prices has been the main cause of the decline.

Suzuki to take over distribution operation

By John Griffiths

Suzuki, the Japanese car, motorcycle and power products group, is taking control of the highly profitable UK import and distribution activities for its vehicles. The operations have been owned and operated for the past 20 years by Mr Gerald Ronson's Heron International.

Suzuki, struggling against losses at Santana Motor, its Spanish-based European manufacturing operations, will take control of UK sales and distribution on March 31, when its most recent five-year contract with Heron Suzuki expires.

Heron International is seeking rescheduling of interest payments to bondholders after the troubled group's £1.4bn restructuring last September.

Heron Suzuki, known as Suzuki (GB) until a name change two years ago, made pre-tax profits of £2m on turnover of £106m in its year to March 1992, the most recent year for which accounts have been filed.

GM import compromise ends legal fight over Isuzu

General Motors' Vauxhall subsidiary and IM (International Motors), the UK's largest private motor-imports group, have backed away from a legal fight over who is entitled to import and distribute four-wheel-drive vehicles produced by Isuzu of Japan, in which GM has a 37 per cent stake, John Griffiths writes.

A compromise has been reached under which both Vauxhall and IM will sell various versions of the vehicle in dispute, the Isuzu Trooper, until late 1996. By then IM should have available a full range of similar vehicles built by a rival manufacturer, Ssangyong of South Korea. Vauxhall dealers will start selling some Trooper models in May, but they will be rebadged as the Vauxhall Monterey.

Under EU Japanese market monitoring arrangements, it is expected that 6,700 Trooper/

Monterey models will be available in the UK this year, of which more than half will be sold by Vauxhall dealers under the IM compromise. During 1995, when IM's current Isuzu dealers will have already begun selling Ssangyong's Mercedes-powered four-wheel-drive alternative, IM's share of Trooper sales will be halved to around 1,500 units.

Mr Bob Edmondson's IM, whose wholly-owned Isuzu (UK) subsidiary has held the Isuzu franchise since 1987, last year declared its intention to seek legal action to block GM's Isuzu plans after Vauxhall's chairman, Mr Charles Golden, said Vauxhall would "take up its right" to import Troopers from January 1.

IM maintained that GM unlawfully sought to procure the termination of Isuzu (UK)'s contract to operate the franchise in the UK.

pay Heron for the takeover.

Dealers have been told that, in operating terms, the business will remain unchanged. Mr Norman, who joined Heron Suzuki soon after the importer was founded in 1983, said he would continue as chief executive and that the existing management team would remain.

The Suzuki takeover is the latest example of a trend by vehicle manufacturers to assume control of import-and-distribution businesses previously run by independents. Nissan has taken control from Mr Octav Botnar's Nissan UK. Volkswagen has taken back its UK franchise from Lorch, Volvo from the Lex Service group and Fiat has taken Alfa Romeo back from Inchcape's TKM subsidiary.

However, Suzuki's acquisition of the UK business is understood to relate only to the changed situation at Heron, with no clawbacks envisaged elsewhere in Europe where it has a number of other independent distributors.

Union leader to tell of 'rescue by EU cavalry'

By Robert Taylor

European Union social directives imposed on Britain will rescue the country from the worst excesses of Labour market deregulation within the next five years, a senior British trade union leader will tell a high-level Washington commission today.

Giving evidence to the presidential commission on management and labour relations, Mr John Edmonds, GMB General Union's General Secretary will say that Britain's industrial relations

system is likely to be "stuck in limbo" for the time being.

But in written evidence to the commission he argues that "at least we know that the European cavalry will eventually arrive to rescue us from the worst effects of a deregulated economy."

Mr Edmonds is taking comfort from a number of important European legal rulings in recent weeks covering areas such as part-time working, transfer of ownership in an enterprise and collective redundancies which have

strengthened the position of the UK's trade unions.

The GMB leader will tell the commission today that Britain cannot escape from the introduction of works councils - consultative and information forums in large companies - inside the EU. Multi-nationals are unlikely to establish them everywhere but in the UK, he said.

British employers will also be greatly inconvenienced by EU directives which seek to improve the conditions of part-time workers, and other vulnerable

groups. Mr Edmonds will tell the commission whenever a new directive is signed by the other 11 European countries and British workers do not benefit, everybody's trade union will slap in a claim for equivalent treatment.

"In multi-national companies the claims write themselves. How can you deny to your British employees benefits which your other employees throughout Europe have by legal right? British companies will quickly find themselves on the defensive".

This announcement appears as a matter of record only.



BZW Division acted as sole arranger and managing agent of a \$5 year \$270 million revolving credit facility on behalf of WESCO Distribution, Inc., a newly formed company organised by Chrysler, Daimler & Benz, Inc. and management. Barclays Business Credit Inc. is administrative and collateral agent.

February 1994



BZW Division acted as arranger, agent in the structuring and syndication of a \$1.4 billion revolving credit facility for McCaw Cellular Communications, Inc.

October 1993



CALIFORNIA EQUITY FUND

BZW Division acted as financial advisor and agent to The California Equity Fund 1992 Limited Partnership in the placement of \$29,772,955 senior secured notes.

November 1993

L.M. RABINOWITZ & CO., INC.

BZW Division provided \$4 million in subordinated debt with warrants to L.M. Rabinowitz and Co., Inc.

October 1993



BZW Division was appointed euro commercial paper dealer for the Metropolitan Life Insurance Company.

August 1993



Barclays de Zotte World Securities Inc. acted as the sole agent for the sale of The Heil Co. to Dover Industries Inc., a subsidiary of Dover Corporation, and acted as exclusive financial advisor to The Heil Co.

July 1993



Pacific Gas Transmission Company

BZW Division acted as co-arranger in the structuring and syndication of a \$10 year \$710 million revolving credit term loan facility for the Pacific Gas Transmission Company.

July 1993



BZW Division acted as financial advisor and agent to Sierra Pacific Resources in the placement of \$50 million senior notes.

April 1993

NATIONAL AUTO/TRUCKSTOPS HOLDINGS CORPORATION

BZW Division provided \$7 million in preferred stock and subordinated debt to National Auto/Truckstops Holdings Corporation.

April 1993



BZW Division acted as agent to Kemper SA, for \$25.5 billion of financing in Spain in connection with certain investments by Kemper Corporation subsidiaries.

April 1993



Barclays de Zotte World Securities Inc. acted as a co-manager to The Detroit Edison Company for an issue of \$225 million secured medium term notes.

April 1993

ASSET SALES

BZW Division's asset sales group arranged short-term financing totalling in excess of \$80 billion for U.S. clients during 1993. These loans were placed with over 75 U.S. investors.



BZW Division is the investment banking arm of Barclays Bank PLC, Barclays de Zotte World Securities Inc., Barclays de Zotte World Inc. and Barclays Business Credit Inc. are separate subsidiaries of Barclays Bank PLC.

NEWS: UK

Major insists on ending of IRA violence

By David Owen

The British government yesterday gave its firmest assurance yet that there would be no negotiations with Sinn Féin until after the IRA has called a permanent halt to its 25-year campaign of violence.

As London and Dublin struggled to stop the peace initiative being blown off track by last week's mortar attacks at London's Heathrow airport, officials promised new talks on security co-operation between the two governments, to be pursued as a matter of urgency.

Downing Street - responding to new IRA demands for direct talks between London and republican leaders - said it was a "fundamental principle" of December's joint declaration that there would be no negotiations with Sinn Féin in advance of an end to IRA violence.

That principle was not going to change. It was "deeply offensive" to people in Britain and Ireland that the IRA should claim to be interested in peace while continuing to kill people in cold blood and to prosecute its campaign of terror.

Downing Street's choice of words

appeared to leave the door open for a possible resumption of messages between London and republican leaders, however. When last year's secret contacts were exposed in November, Sir Patrick Mayhew, Northern Ireland secretary, said the messages had not amounted to negotiating with terrorists.

Mr Gerry Adams yesterday continued his efforts to wrong foot the government, saying Sinn Féin had "no great concern" to be engaged in bilateral discussions with London on constitutional matters.

The Sinn Féin president welcomed

the first official IRA response to the Downing Street Declaration on Sunday, describing it as a "positive reiteration" of the IRA's commitment to reaching a negotiated peace settlement.

Mr John Hume, leader of the mainly Catholic Social Democratic and Labour party, said London should launch new talks with Sinn Féin to exploit the best opportunity for peace in 20 years.

He insisted that the IRA did not intend to detonate any of the ten mortar bombs which were fired into Heathrow in three separate attacks.

Mr Albert Reynolds, the Irish prime minister, said the attacks on Heathrow were "a gross miscalculation by the IRA" which was not going to advance the peace process.

Mr John Major is expected to come under increased pressure to tighten security in meetings with the leaders of the two main unionist parties later this week.

Rev Ian Paisley, leader of the hard-line Democratic Unionist party, said yesterday that the British prime minister had not got "the guts or ability" to stand up to Dublin.

Britain in brief



BT managers may face redundancies

Senior managers at British Telecommunications, Britain's largest company, some earning annual salaries of over £100,000, face the prospect of compulsory redundancy in the coming financial year as the company's drive to cut jobs, draws in its top managers.

Managers earning more than £50,000 a year are the first to be targeted in BT's drive to cut 15,000 jobs by 31 March 1995.

The company said around 30 to 35 of its 170 managers at director level - who earn on average £76,000 a year - are being encouraged to leave.

BT's threat of compulsory redundancies for senior managers, which is extremely rare among large companies, marks a further toughening of its stance. Earlier this year the group froze the basic wages of most managers for this calendar year with the suspension of its year old performance related pay scheme which it said was too expensive.

According to the company only 245 senior managers have voluntarily taken redundancy in the current financial year which is no more than 3 per cent of the 6,957 senior managers on personal contracts.

Tupe ruling in IBM case

Sixty-three employees who lost their jobs when IBM in Portsmouth changed its contract caterer could receive up to £500,000 in compensation in another important test case for the Transfer of Undertakings (Protection of Employment) regulations.

Southampton Industrial Tribunal has ruled that the Tupe regulations, which give workers some protection in business transfers, did apply to the transfer. Brownlie Catering which won the contract from Gardner Merchant argued, along with IBM, that the regulations did not apply. The result could have implications for forthcoming Tupe cases.

Growth seen in housing market

The UK housing market enjoyed substantial growth last month, says a survey of more than 100 estate agents published today.

The increase bodes well for a rise in house sales during the peak spring buying season according to the Royal Institution of Chartered Surveyors, which conducted the survey.

Only 13 per cent said activity had remained constant or had fallen. Fourteen per cent of agents said prices had risen during the period compared with 6.4 per cent who said they had fallen. The rest said prices were unchanged.

Miners festival to go ahead

The Durham Miners' Gala, under threat because of the demise of the Durham coalfield, is to be held this year after all following a strong response to an appeal for financial support.

Much to the surprise of the National Union of Mineworkers, companies are among those expressing interest in supporting the event, which in recent years has been a platform for leftwingers.

The NUM said yesterday that the volume of offers meant the 110th gala - which is to cost £20,000 to mount - would definitely go ahead on July 9. The event's subsequent future remains unclear, however.

Extra flights boost Gatwick expansion plans

By Paul Betts, Aerospace Correspondent

Gatwick airport's efforts to expand scheduled air services were yesterday given a strong boost with the announcement of 13 additional scheduled flights this spring and summer.

BAA, the airports operator, has been seeking to develop Gatwick's role as London's second biggest international schedule airport after Heathrow and transform its traditional image as a charter holiday airport.

The new services include the launch by American Airlines of flights to Nashville, Tennessee, and Raleigh/Durham, North Carolina, in May bringing to 19 the US destinations served from Gatwick.

Emirates, the Dubai-based carrier, is returning to Gatwick with a new service to Abu Dhabi. Emirates, like other Gatwick-based international carriers, moved to Heathrow following the government's decision three years ago to scrap London's air traffic distribution rules.

Other new routes include Gatwick's first scheduled link with Johannesburg to be operated by Pilestar this summer.

Southeast European is returning to Gatwick at the end of this month with services to Athens, while British Airways, which has signifi-

cantly expanded its presence at the airport following its takeover of Dan-Air, is launching services to Stavanger in Norway, resuming services to Nice and increasing service frequencies to Tel Aviv and to Malaga.

The new services will bring the number of scheduled airlines operating from Gatwick to 50, flying to more than 120 destinations.

BAA said yesterday traffic at its seven airports had continued to show strong growth last month. The seven airports handled 5.3m passengers last month, an increase of 5.9 per cent on February 1993.

Passenger numbers at Stansted were 27 per cent higher, while passenger traffic grew by 7.4 per cent at Heathrow and 0.4 per cent at Gatwick. Traffic at Glasgow rose 4.3 per cent and by 9.5 per cent at Edinburgh. But it fell 6.8 per cent at Aberdeen due to bad weather.

Severe weather disruptions on the US East Coast also hit North Atlantic traffic which fell by 3 per cent last month. However, long haul services to and from BAA airports rose 15 per cent, while domestic passenger levels were 5 per cent up and European scheduled services were 6 per cent higher. Traffic to Ireland rose 9 per cent.

Cargo activity was also buoyant with a gain of 17 per cent last month.

Extradition loophole to be closed

By Tim Coome in Dublin and Jimmy Burns in London

A loophole in Ireland's extradition law, under which an IRA suspect was released from custody in Dublin yesterday, is expected to be closed by the end of next month.

Mr Anthony Gorman, wanted in Britain for the 1992 killing of an army sergeant outside a recruiting office in Derby, was released by a district court yesterday, after the Irish state offered no evidence against him.

New legislation will prevent IRA suspects blocking extradition to Britain on serious criminal charges on the grounds that their crimes are "political". The bill completed its Dail (parliament) stages with little opposition, and is due to go to the Senate next week.

The decision follows a ruling by the Dublin High Court last month ordering the release of Mr Joseph Magee, wanted for the same murder, on the grounds that his alleged offence was politically motivated and that prejudicial British media coverage of the case would deny him a fair trial.

Defence lawyers for IRA suspects can currently argue that possession and/or use of a non-automatic firearm is a political offence, and non-extraditable under the Irish constitution.

The Irish department of justice says the bill will be brought into force once "speciality" arrangements are in place between Ireland and the UK to prevent a suspect being charged with a different offence to that upon which he or she has been extradited.

Both governments are final-

ising arrangements and are expected to be ready in time to coincide with the passing of the new extradition bill.

Downing Street yesterday gave a low-key response to Mr Gorman's release, saying it never commented on judicial decisions taken in the Republic of Ireland. It was "always a possibility" that government law officers might contact Dublin on the subject, officials said.

Meanwhile, Scotland Yard said yesterday that it was "quite inconceivable" that the IRA carried out attacks on Heathrow without the intention to "kill or maim".

"The devices were loaded with high explosives and contained detonators. They were carefully constructed," a Yard spokesman said.

But in the absence of official clarification as to whether the detonators were primed to explode, some anti-terrorist experts believe mechanical 'failure' of IRA mortars used at Heathrow was a deliberate ploy to generate maximum publicity while minimising casualties.

Major John Wyatt, a bomb disposal expert with long experience of IRA operations, believes the most likely explanation is that the mortars were "fixed" not to detonate, but did not rule out the possibility that equipment was drawn from old stock and was faulty.

Professor Paul Wilkinson of St Andrews University, another specialist in counter terrorism, said it was inconceivable that the IRA would have risked large-scale casualties among US tourists by hitting a plane or terminal.



Anthony Gorman walks free from the special criminal court in Dublin yesterday.

Picture: Press Association

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IT-WORLD NEWS



Toronto: Softdrink manufacturer Cott is re-engineering its business with R/3 LIVE.

CeBIT'94
Hall 1, Stand 5e2/5f1

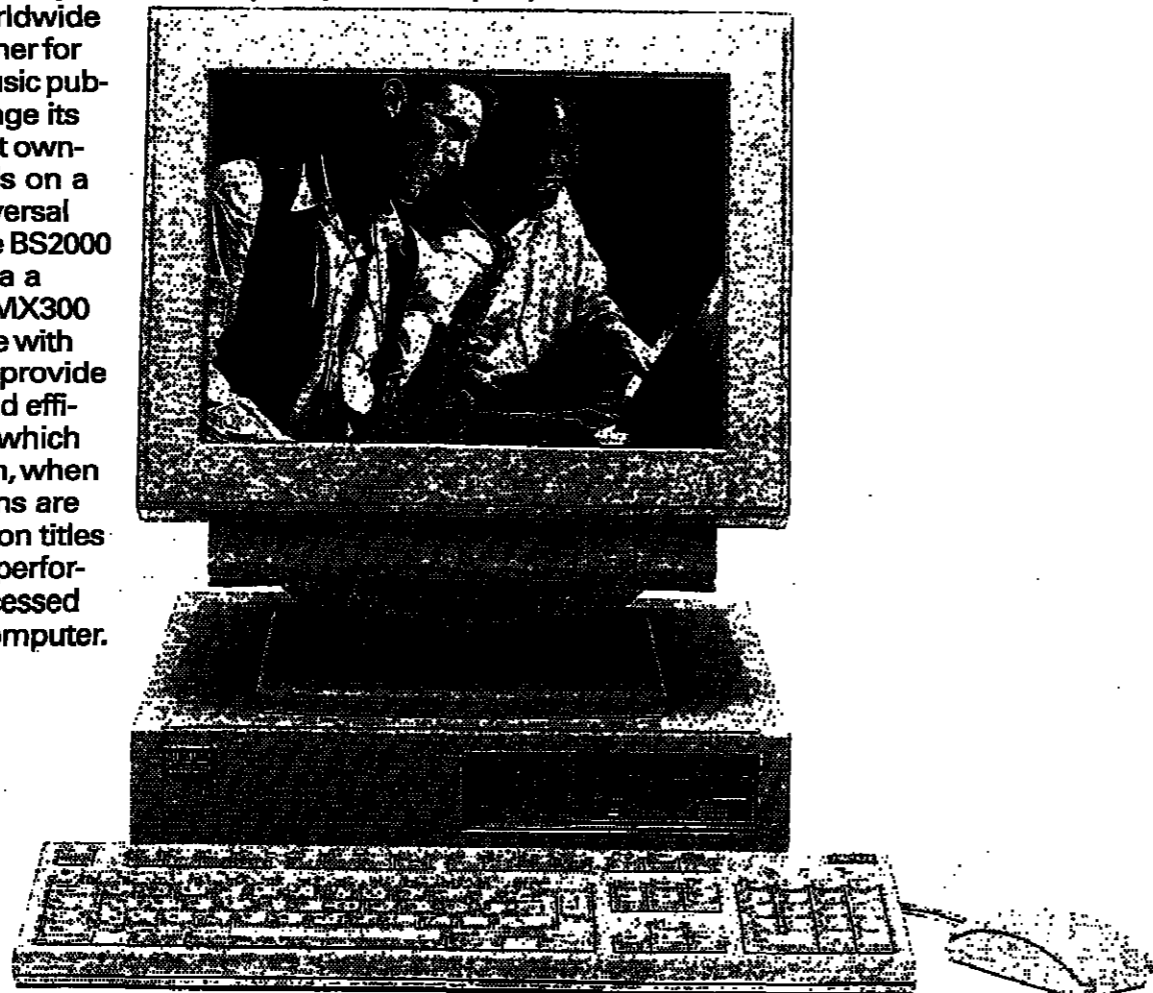
With a profit increase of 184% in the past year, Cott Corporation requires a flexible IT application system as a basis for the company's future growth. Siemens Nixdorf has met all of the needs with an open system architecture package, including scalable hardware, user-friendly software and comprehensive integration services. At the heart of the re-engineered business infrastructure is a high-performance RISC computer running the state-of-the-art business application R/3 LIVE. It is "Live" with Cott's customers, the retailers, and its supply chain part-

ners via Electronic Data Exchange. Cott's employees are "Live" with the system through more than 600 terminals across North America. And it's "Live" because of the ongoing system integration services. These are provided by the specialists at Siemens Nixdorf's "North American Center of Expertise", and include facilities management and global communications network. Even more "Live" is the relationship between Cott's personnel and Siemens Nixdorf. In fact, it has grown into a successful international IT partnership.

Amstelveen: BS2000 – best protection for artists' copyrights.

Protecting the interests of artists: Buma/Stemra, in the Netherlands, has devoted itself to this task. For more than 80 years, this non-profit-making organization for performing rights has represented worldwide copyright protection – whether for the works of composers, music publishers or authors. To manage its total of 1.5 million copyright owners, Buma/Stemra depends on a Siemens Nixdorf H100 universal computer, running under the BS2000 system. Connected to it via a TRANSDATA network: an MX300 computer and PCs, complete with peripherals. Together, they provide Buma/Stemra with a fast and efficient information network which instantly springs into action, when compositions or publications are marketed. More than 2 million titles and 1 million contracts and performances can be instantly accessed and evaluated from each computer.

For Buma/Stemra, the BS2000 service cannot be copied. "The flexibility of BS2000 working with the TRANSDATA network is, for us, the best solution for international connectivity", says the company.



Roubaix: Mail order company accelerates turn-over, with the fastest printer.

La Redoute is presenting its mail order offers even more effectively. Customers are now receiving eye-catching mailshots, produced by Siemens Nixdorf 2240 printers, the world's fastest. They produce 340 pages a minute, two-up. The result: La Redoute customers learn about

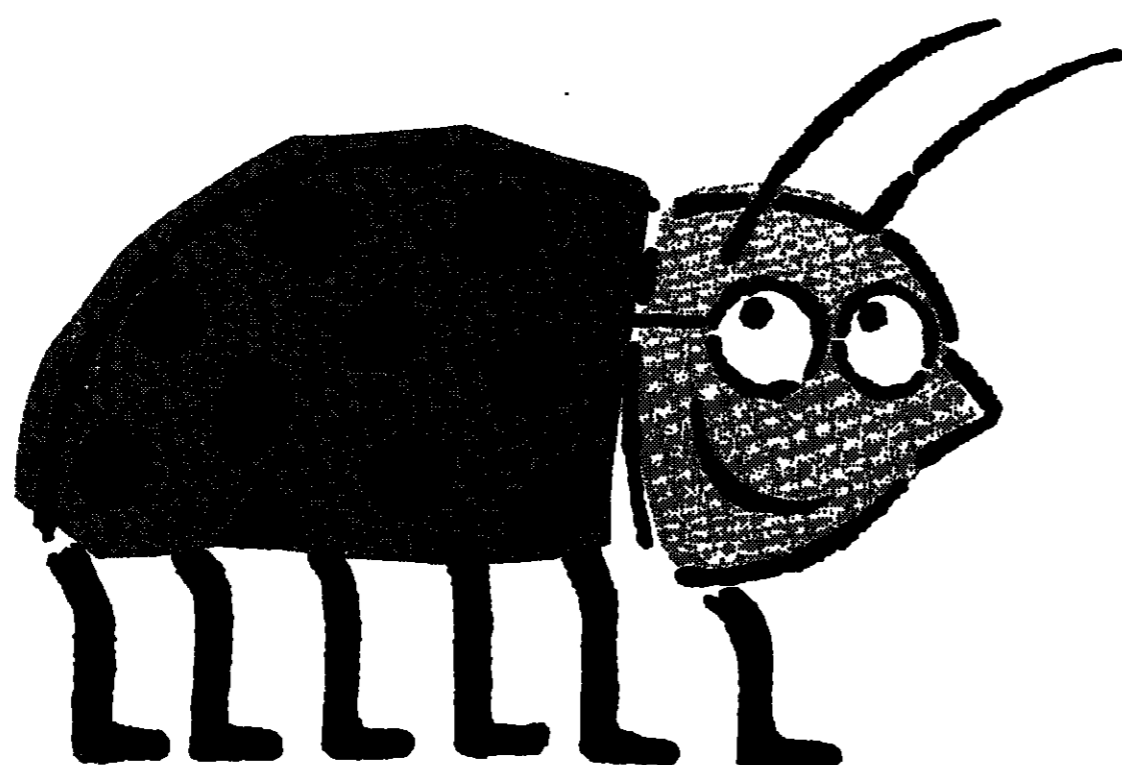
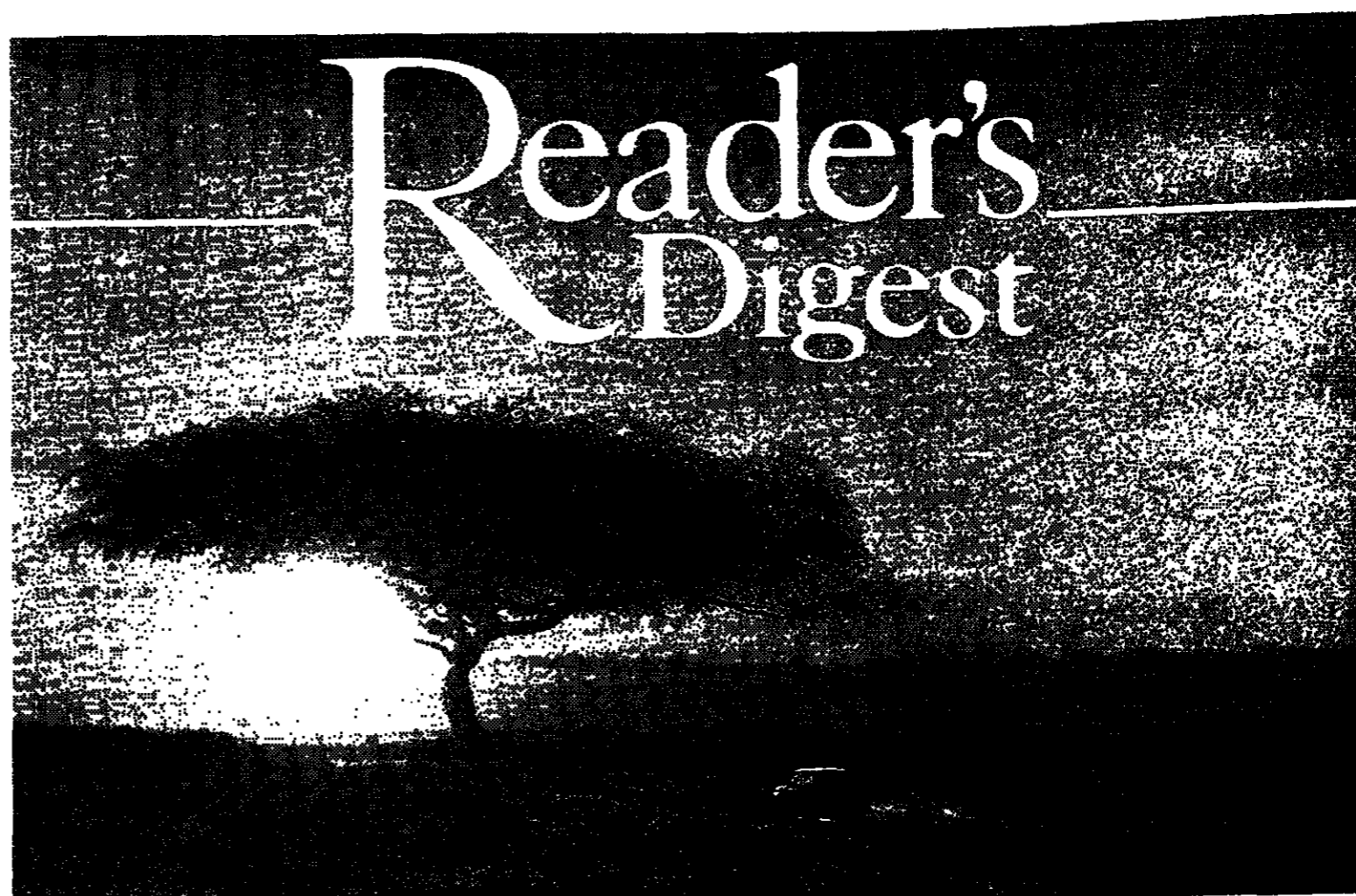
the latest offers, even faster. Mass mailings are transformed into high-class mailings by the 2240 laser printers. Text and pictures are reproduced in razor-sharp quality. Improved quality and – above all – faster direct marketing for La Redoute also means faster sales. The first results were convincing: in the next 12 months, 12 more 2240 printers are on order. And not only for direct marketing. Thanks to their top-quality output, six will be used for other tasks throughout the La Redoute organization, printing everything from invoices to correspondence.

SIEMENS NIXDORF

Johannesburg: Reader's Digest, looking good with Siemens Nixdorf.

Every year, Reader's Digest South Africa moves about 1,220 km closer to its readers. That's the length of paper this publishing house uses for its direct mail promotions. The customers aren't just 1.5 million South African readers. They also include an increasing number of companies which make use of a variety of services offered by this world leader in direct marketing. The printers are the key: as well as tried and tested non-impact printers, there are new, ultra-fast Siemens Nixdorf printers with LED-plus technology. They offer a huge choice of type-faces and special effects, and make

it possible to print two DIN A4 pages alongside each other, providing Reader's Digest graphic artists with more creative scope in designing circulars. The Siemens Nixdorf printers process around six million sheets of paper a month, ultra-fast, and extremely cheaply. Each page costs Reader's Digest South Africa less than five cents, compared with six to ten cents for a normal copier. No wonder that Siemens Nixdorf printers are the best for Reader's Digest. "Our graphic designers are wild about the new system", says Colin Palmer, MIS Manager at Reader's Digest South Africa.



London: Selfridges rings the changes with Beetles for their point of service systems.

Siemens Nixdorf in Great Britain is just embarking upon a major project for Selfridges. With over 20 million customers, Selfridges is one of the world's largest department stores. The store has ordered 430 BEETLE terminals to provide the basis for a system to improve both the quality of customer service and the efficiency of customer transactions. Siemens Nixdorf will be installing and networking the devices in all 313 departments of Selfridges. The new system will use advanced open systems-based software from Siemens Nixdorf partner RTC and allows details of more than a million different products

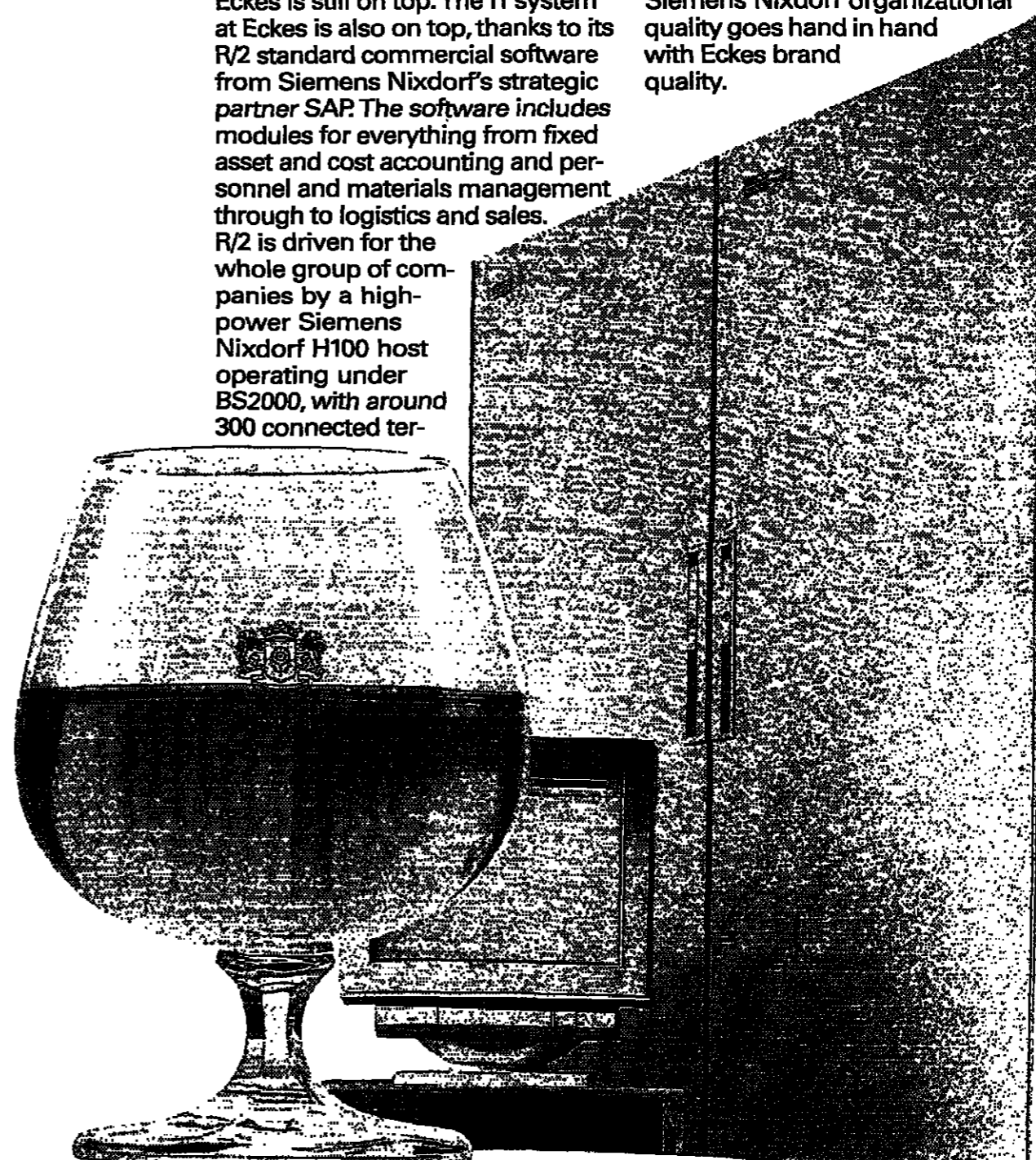


to be accessed from all BEETLE terminals. Faster, more efficient customer service will be provided through facilities such as accepting a range of foreign currencies and providing electronic authorisation of cheques. The BEETLE terminals provide a single hardware solution to a diverse range of applications, ranging from traditional point of sale, through Estimating (Carpets, Curtains etc) and Bridal Registry, to Delivery Scheduling. The contract with Selfridges takes the total number of Beetles sold worldwide over the 150,000 mark, providing a further illustration of Siemens Nixdorf's expertise in PC-based point of sale systems.

Nieder-Olm: At Eckes, everything flows more smoothly on BS2000.

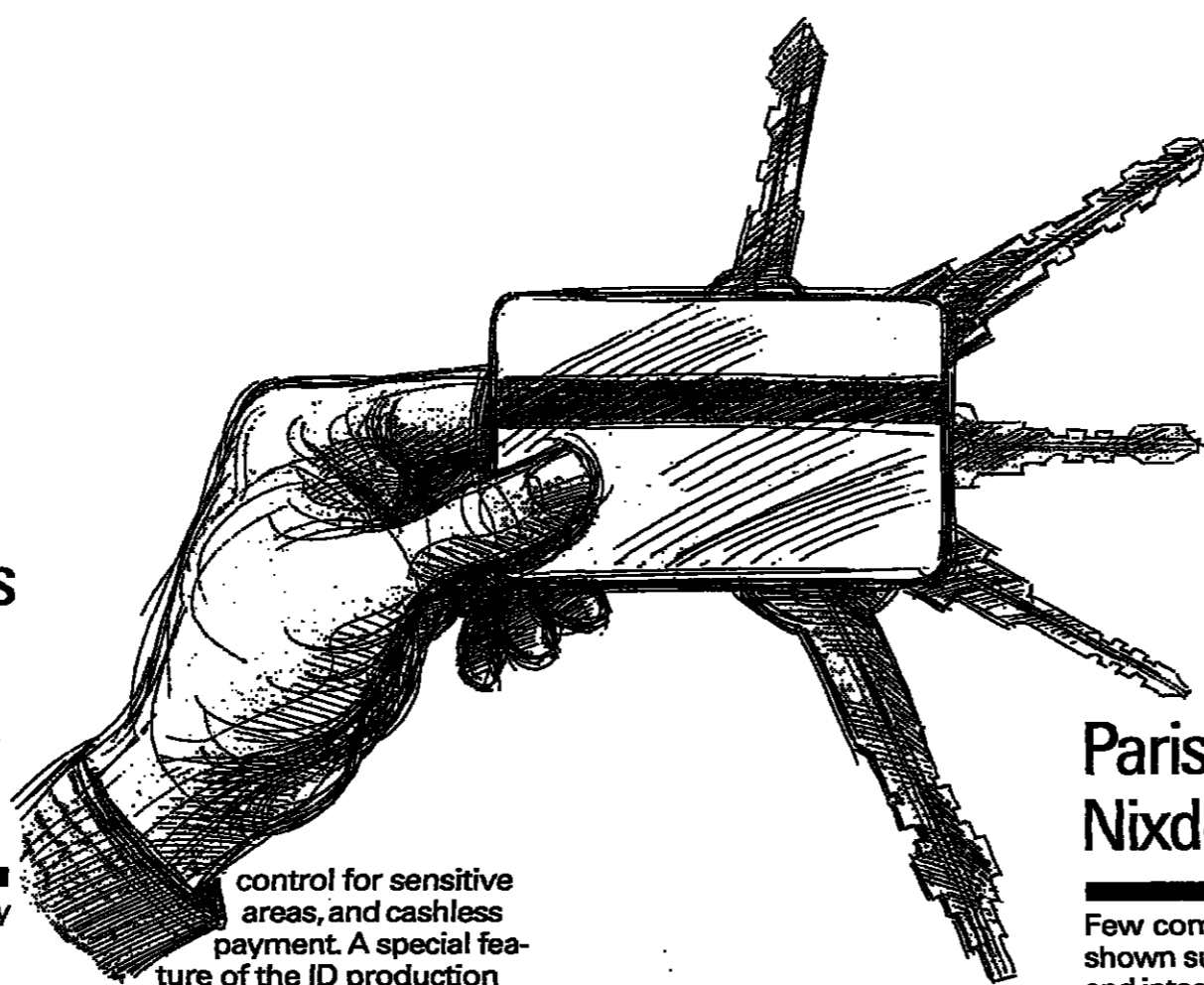
Eckes Edelkirsch, Chantré, Mariacron, Echter Nordhäuser, hohes C, and Dr Koch's Eckes products are drunk all over Germany. The name has stood for quality and good taste for decades – and the consumer won't accept anything less. Even though the competition is getting tougher, Eckes is still on top. The IT system at Eckes is also on top, thanks to its R/2 standard commercial software from Siemens Nixdorf's strategic partner SAP. The software includes modules for everything from fixed asset and cost accounting and personnel and materials management through to logistics and sales. R/2 is driven for the whole group of companies by a high-power Siemens Nixdorf H100 host operating under BS2000, with around 300 connected ter-

minals. The BS2000 computer manages large volumes of R/2 data reliably and quickly, so that routine daily business flows more smoothly at Eckes. Orders from Germany and abroad can be processed faster, current trends evaluated more effectively, and new marketing strategies planned more efficiently. Siemens Nixdorf organizational quality goes hand in hand with Eckes brand quality.



Frankfurt: The right reactions produce a new chip card system for Hoechst.

The old factory pass has had its day at Hoechst. Working with Siemens AG, Siemens Nixdorf has replaced it with an intelligent, multi-functional chip card system. Hoechst commissioned Siemens Nixdorf for the project because "it was important for us to cooperate with a partner who we could entrust with the entire responsibility", says Werner Schroer, project manager at Hoechst. So the chemistry was right between the world's second largest chemicals company and Europe's largest computer company, Siemens Nixdorf went to work with Siemens AG Semiconductors Division. After an extensive analysis, a new chip card was jointly developed. Combined with 250 terminals and 15 concentrators, it handles several tasks: recording hours worked, access

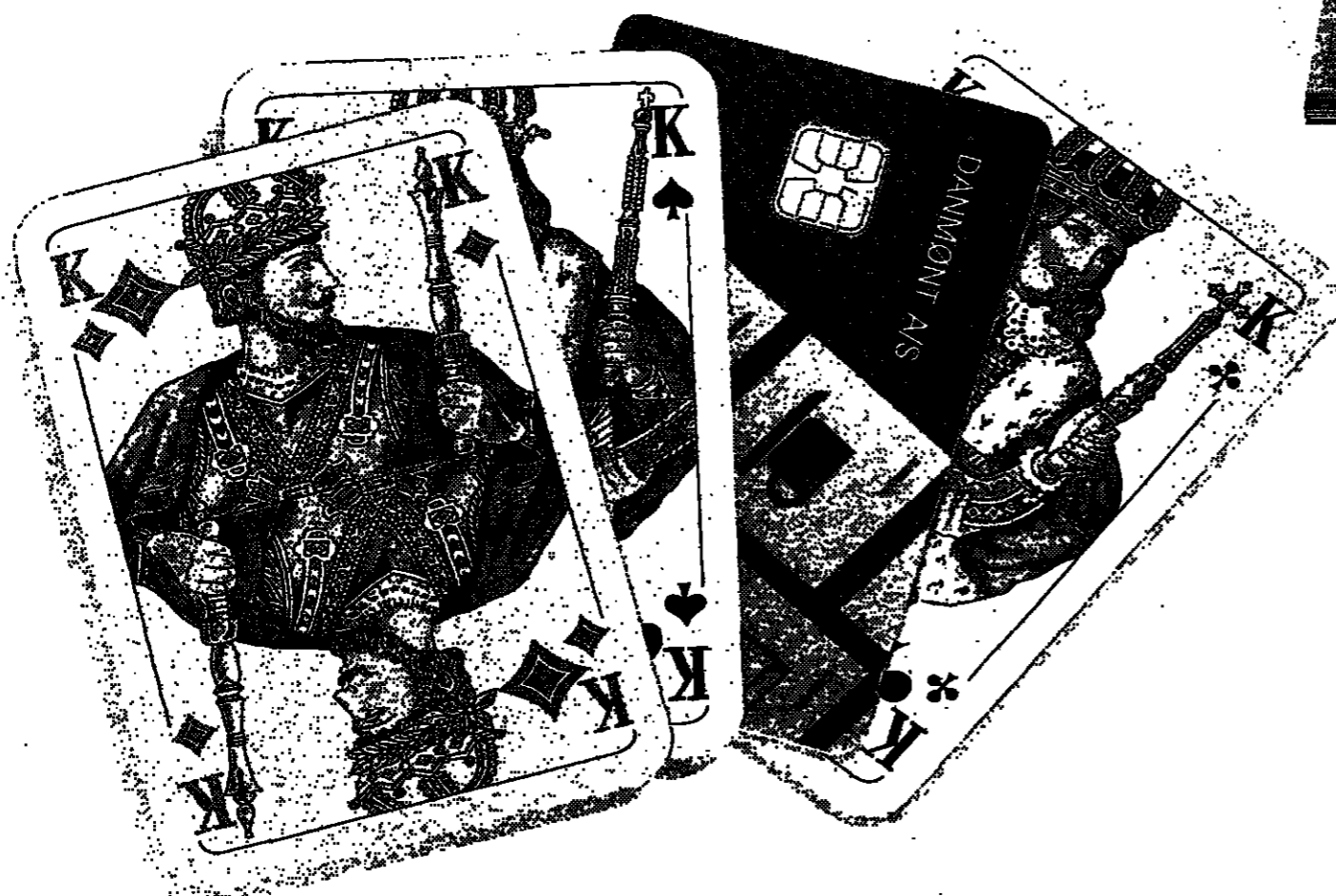
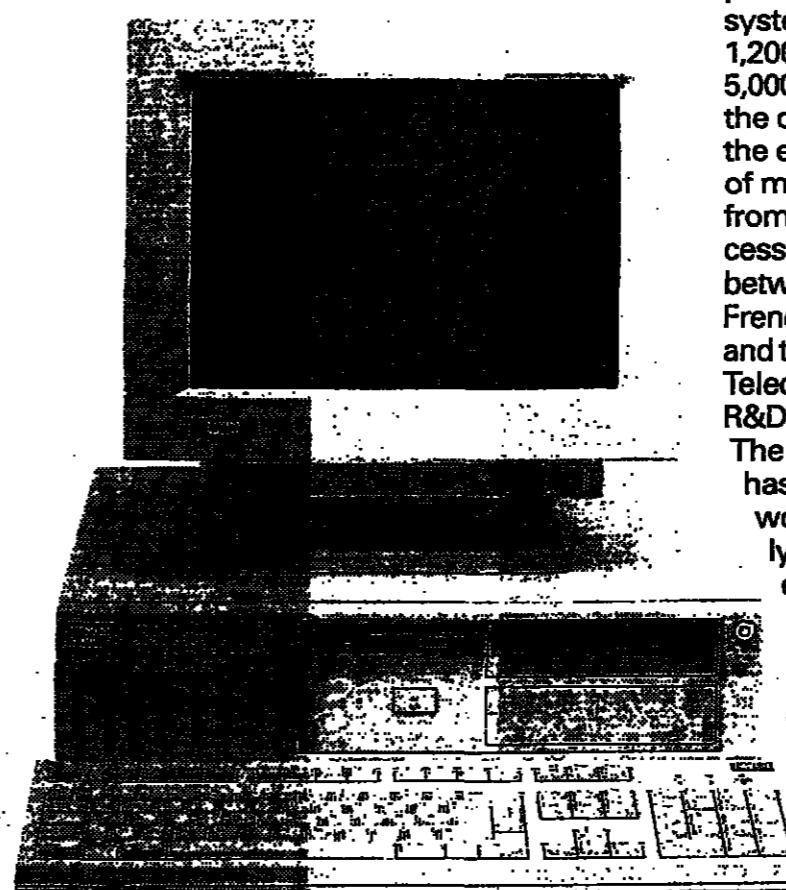


control for sensitive areas, and cashless payment. A special feature of the ID production system is the on-line generation of the "passport photograph", with a colour code for the relevant department, in a single process. The computer controls access in sensitive areas of company operations; in the canteen, it will be able to register bills for meals and transfer the amounts for deduction from the workers' wages; in the various production establishments, it records the hours worked. The data is swiftly processed by the central computer, in time for incorporation in the next wage slip, for example. More protection against unauthorized access, and more cost-efficiency in accounting – all this makes Hoechst very enthusiastic about its new chip card system, and the cooperation that made it possible. Werner Schroer speaks highly of the "good cooperation" and the "smooth course of project implementation".

Paris: France Telecom uses Siemens Nixdorf server for system integration.

Few computer companies have shown such commitment to open and integrated systems as Siemens Nixdorf, the European market leader in UNIX® multi-user systems and a founder member of all the

leading organizations for standard interfaces. Precisely the right qualifications for France Telecom. The company commissioned Siemens Nixdorf to supply efficient servers based on UNIX and OS/2 PCs to be perfectly integrated into its existing system architecture. More than 1,200 tower PCs as servers and 5,000 desktop PCs were installed at the company – all integrated into the existing network infrastructure of mainframes, servers and PCs from other manufacturers. The success is due to close cooperation between R&D engineers from the French PC plant of Siemens Nixdorf and technical specialists from France Telecom, as well as between the R&D teams in France and Germany. The result: France Telecom now has a modern client-server network of computers which mutually complement and strengthen each other. While mainframes manage the central corporate data, various applications run on the application servers – from customer and personnel administration, through work planning, to marketing. All data can be accessed from every computer. It means a modern distribution of tasks that introduces greater economic efficiency to the France Telecom organization.



Copenhagen: Danish retailers play the right card with Siemens Nixdorf.

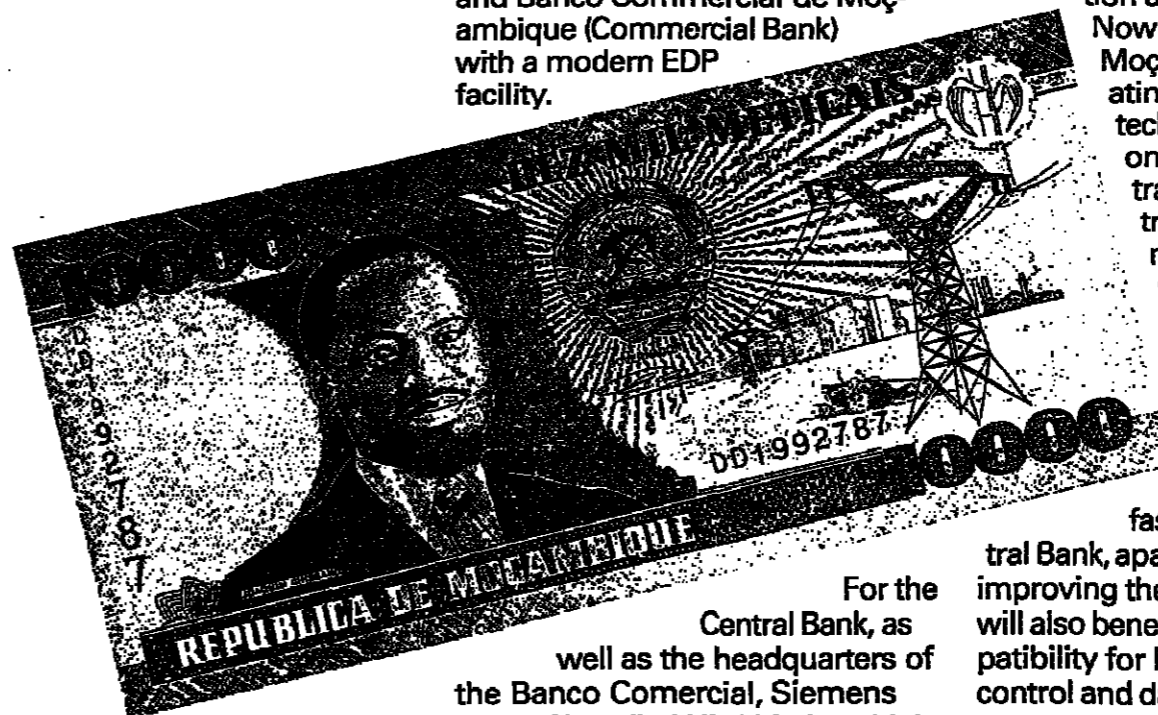
Denmark has set the crown on cashless payment transactions. The new Danmønt cards are especially suitable for small payments. They can be used practically everywhere as an alternative to Danish Kroner – whether as a telephone card or in fast-food restaurants, service stations, kiosks or museums. The prepaid cards issued by Danmønt A/S, a company owned by the Danish banks and telephone companies, are based on chip technology from Siemens. The DMT2 terminal for the Danmønt cards was developed by Siemens Nixdorf. It is linked to either Siemens Nixdorf POS systems, used in a stand alone version or connected to cash register systems from other manufacturers, throughout the retail trade. DMT2

is very easy to use. After inserting the card, the balance due and the amount payable is displayed. Press a button to accept, and the amount is paid and recorded in the Danmønt terminal. Everyone benefits from this new cashless payment system. The retail trader no longer needs to give change, and needs less cash in the drawer. This makes it less attractive to thieves. And the Danmønt card-holder has a convenient way of paying which eliminates coins and small notes.

Maputo: For Banco de Moçambique, the Siemens Nixdorf client-server solution is chosen as an ideal investment.

Of 13 computer companies that presented bids to Banco de Moçambique, only one emerged victorious. With its proposed client-server solution, Siemens Nixdorf won the multi-million DM commission, financed by the World Bank, to provide Banco de Moçambique (The Central Bank) and Banco Commercial de Moçambique (Commercial Bank) with a modern EDP facility.

availability computers with ultra-fast RISC processors for central data storage. They are linked via a network of RM400 branch servers, PCs and peripherals to form a client-server network which connects 27 branches. The contract included preparation of a secure computer room with installation of fire protection and network cabling. Now Banco Commercial de Moçambique will be operating with state of the art technology. Information on customer accounts, transactions, loans, contracts or currency business can now be evaluated, exchanged between computers, and managed effectively. For the bank, it means greater efficiency and, for the customers, a better faster service. The Central Bank, apart from dramatically improving the operating conditions, will also benefit from the data compatibility for bank supervision and control and data consolidation for macro economic management.



For the Central Bank, as well as the headquarters of the Banco Commercial, Siemens Nixdorf installed UNIX RM600 high

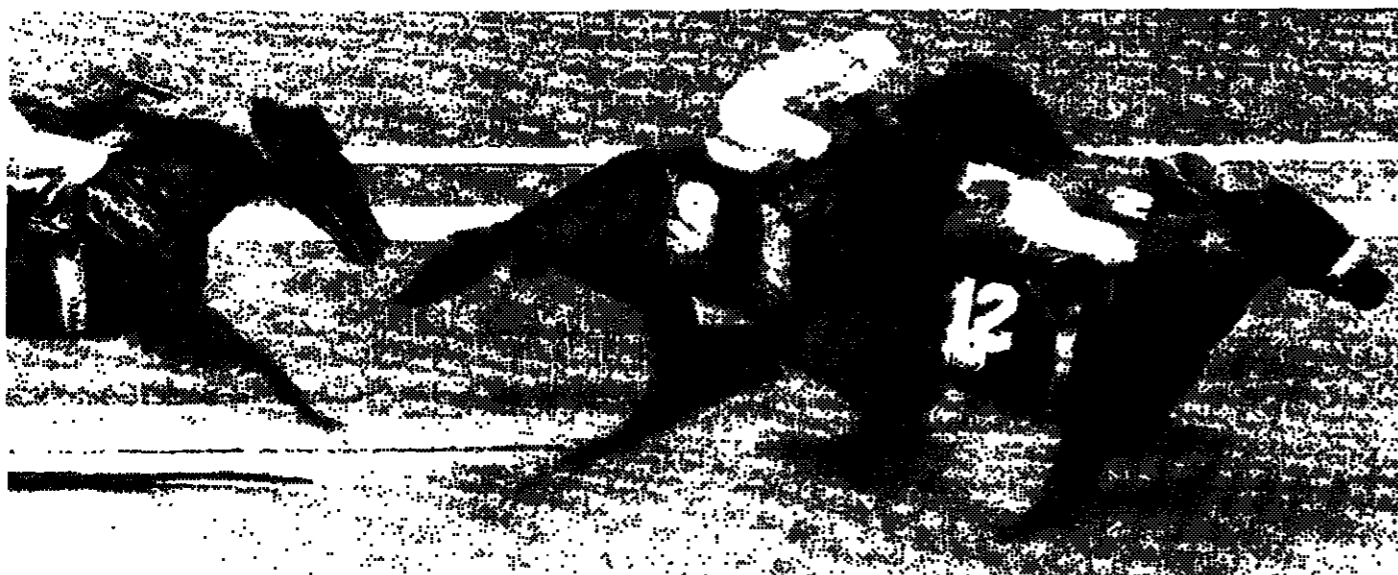
SIEMENS NIXDORF

FINANCIAL TIMES TUESDAY MARCH 15 1994
ADVERTISEMENT

Brussels: Totalisator organization backs a winner with Siemens Nixdorf.

Siemens Nixdorf's new System for the Pari Mutuel Unifié (PMU) – the Belgian totalisator agency for horse-race-betting – looks like a winner. PMU has installed two BS2000 mainframes at the Brussels headquarters, and more than 1,900 PCs at betting shops throughout the country. This computer capacity and specially-designed software programs have PMU's customer service and administration running at a cracking pace. The PC network means that the punters have more time to play their favorite game, because the period for betting is now extended until shortly before the race. At the touch of a key, data is sent from betting offices direct to headquarters via a permanent on-line connection or over the telephone

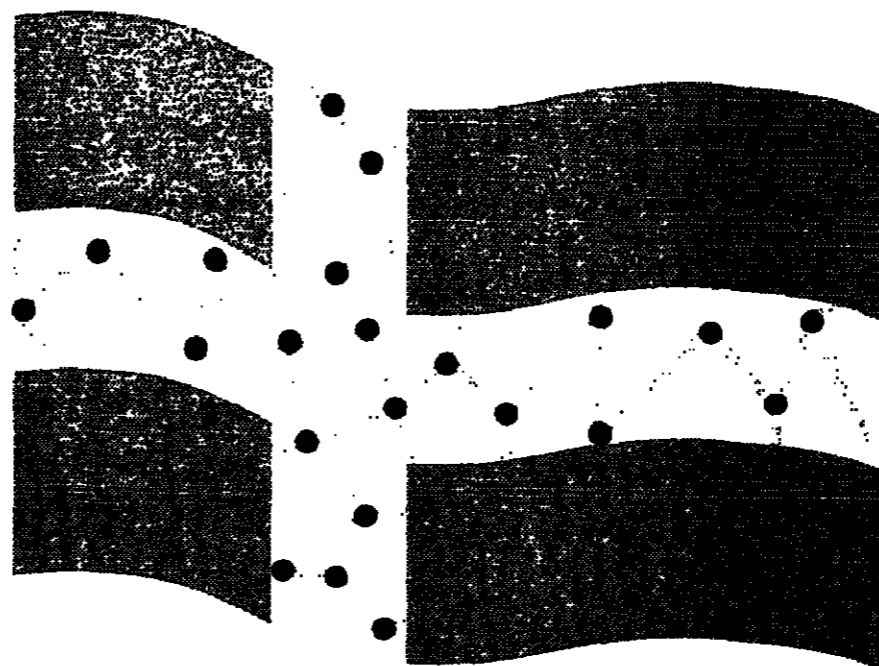
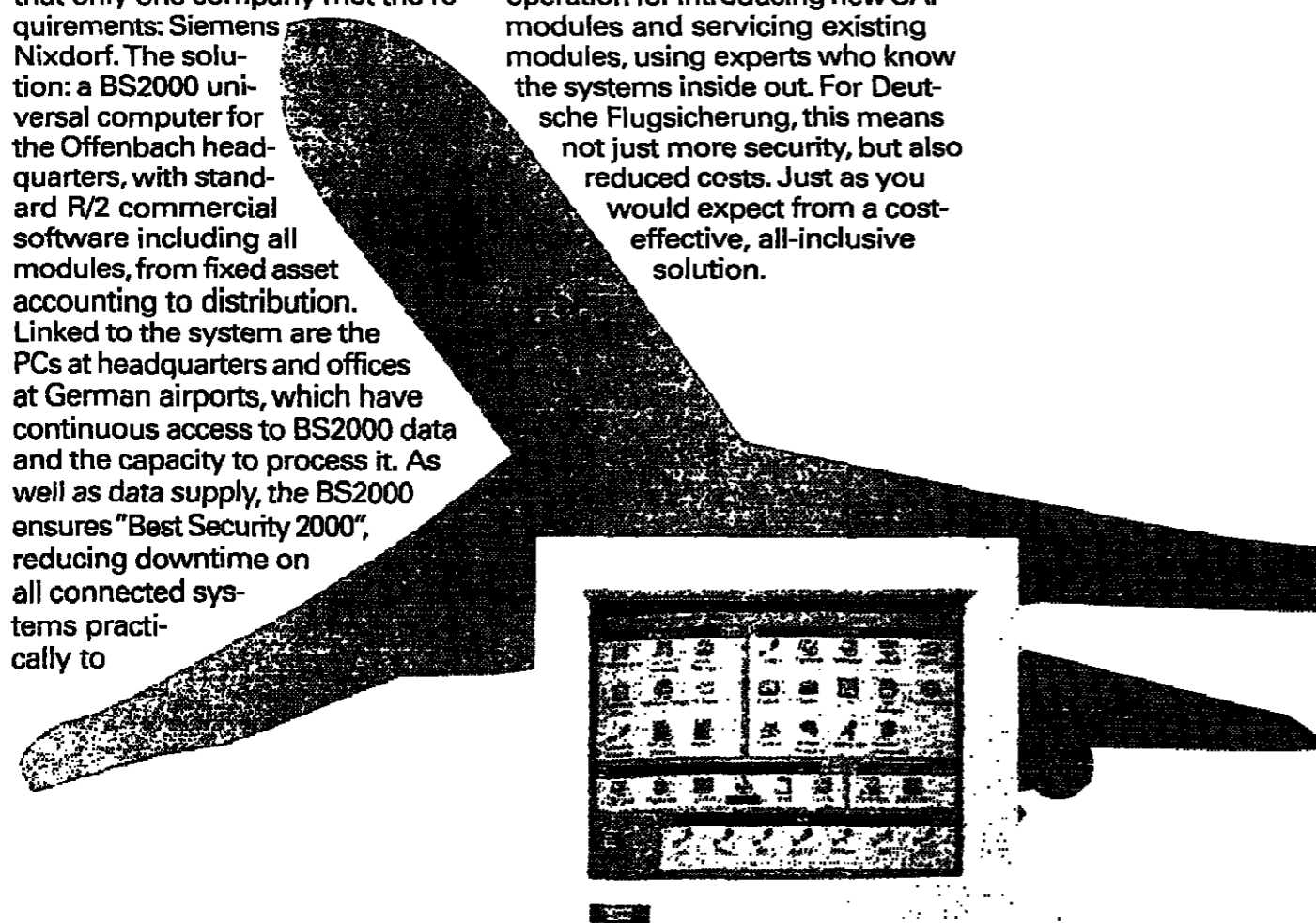
network. This means that, just before the start, thousands of transactions can accumulate, all running together in the central office. Security is a key aspect of this critical application: the two central systems are linked together, so all transactions are "mirrored" on both computers. The principle: double data processing giving double data security. In opting for the Siemens Nixdorf solution, PMU has certainly backed the right horse. The new system cuts through all the previous logistical problems, and saves costs and a lot of time. But that's not all – the new organizational solution has generated some new ideas and will allow PMU to launch new types of games, such as the new 'Bingoal' football betting system.



Offenbach: Deutsche Flugsicherung orders "Best Security 2000", with BS2000.

For Deutsche Flugsicherung (DFS), security comes first. When it needed a cost-effective all-inclusive solution for commercial information processing, it took a long, hard look at the range available, and concluded that only one company met the requirements: Siemens Nixdorf. The solution: a BS2000 universal computer for the Offenbach headquarters, with standard R/2 commercial software including all modules, from fixed asset accounting to distribution. Linked to the system are the PCs at headquarters and offices at German airports, which have continuous access to BS2000 data and the capacity to process it. As well as data supply, the BS2000 ensures "Best Security 2000", reducing downtime on all connected systems practically to

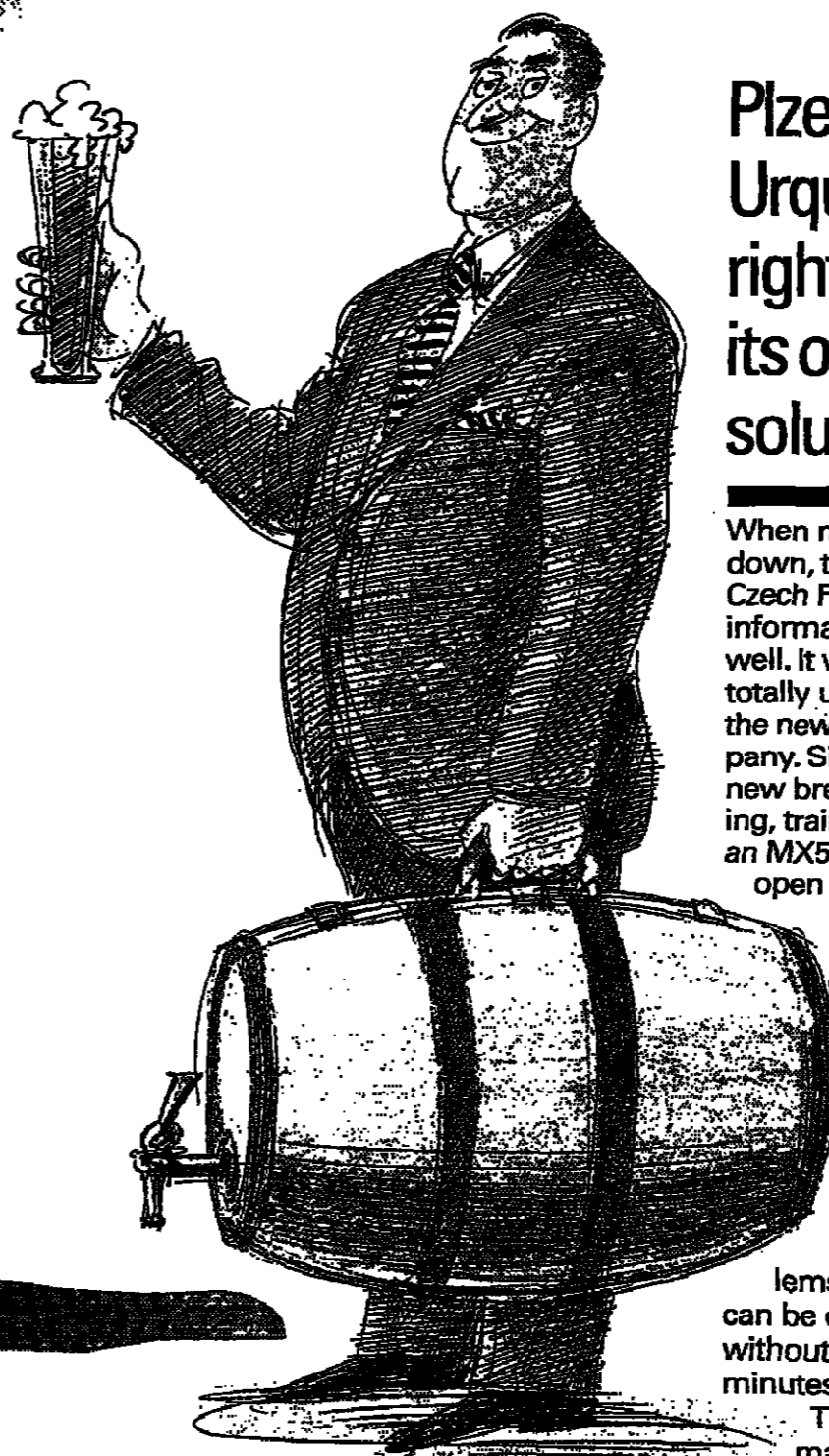
zero. All installation work was completed in just a few weeks. Siemens Nixdorf has taken responsibility for service and DP management in the DFS computer center. Siemens Nixdorf also provides support in specialized areas of the company's operation for introducing new SAP modules and servicing existing modules, using experts who know the systems inside out. For Deutsche Flugsicherung, this means not just more security, but also reduced costs. Just as you would expect from a cost-effective, all-inclusive solution.



Stockholm: Siemens Nixdorf helps Swedish employment offices find jobs.

To make sure that job-seekers get the right job at the right time in the right place, Swedish employment offices have gone to the company with the right answer: Siemens Nixdorf and its multi-level client-server system. More than 750 UNIX systems in local employment offices act as application clients for over 7,500 PC workstations across the country – from recruitment and placement services through to job information, documentation, statistics and archiving. All the computers are connected to three BS2000 mainframes at the Stockholm Employment Center. The BS2000 systems operate as database servers round the clock. During the day, they provide the local computers with central data and printing services. At night, they batch-process

important data, save it and send the updated information back to the networked computers – in some cases, across up to 2,000 km. The BS2000 computers also distribute software updates direct to UNIX systems in the local employment offices. Thanks to the client-server network, the Swedish employment offices can give their clients much faster and more effective advice. They always have up-to-date information on what jobs are being offered and by whom – and, using special programs, they can provide job counselling at the individual level.



Pilsner Urquell goes to the right source for its organizational solution.

When national trade barriers came down, the Pilsner brewery in the Czech Republic threw away its old information processing system as well. It was a relic from the past, totally unable to meet the needs of the newly-formed joint stock company. Siemens Nixdorf provided a new brew of hardware, networking, training and service. It installed an MX500 server using the SINIX® open operating system and serving 80 workstations, all interconnected via the existing telephone network. This meant cost and time savings and made it possible to set up a remote service line to Siemens Nixdorf service technicians in Prague, Munich and Paderborn.

From those locations, problems such as program errors can be diagnosed and put right without delay, often in a matter of minutes, via the computer hotline.

The program is the L5000 market-specific software package from Weihenstephan business consultants, which runs all the brewery's business management functions, from stores and accounting through to domestic distribution and export. In choosing Siemens Nixdorf to supply its organizational solution, the original Pilsner brewers tapped into a rich source of expertise, and is now geared up to compete internationally.

For further information, please contact:
Siemens Nixdorf
Informationssysteme AG, UK 41,
Otto-Hahn-Ring 6, D-81739 München

Synergy at work

MANAGEMENT: THE GROWING BUSINESS

Affordable accounting packages are now available for even the smallest companies, says Richard Gourlay

Computers to keep the books

Little more than a decade after IBM introduced personal computers to the office desktop, there has been an explosion in powerful software available to help companies manage their accounts.

Collapsing hardware prices and increasingly user-friendly software have given managers in the small companies a speed of access to information unimaginable by their predecessors.

Where a few years ago companies might only have known the state of their cash books at the end of a month, real-time accounting packages, costing little more than the petty cash allowance, now update ledgers the moment a transaction is completed.

Yet, according to Paul Walker, managing director of Sage, a UK supplier of integrated accounts packages, as many as 40 per cent of companies with up to 50 employees are still not computerised.

What are these companies missing? At the simplest level, the choice includes Sage's Moneywise, Microsoft's Money and Intuit's Quicken. These systems are basic cash management packages. They

replicate manual books, but are really only suitable for sole traders or individuals with the simplest of needs, according to Dennis Keeling, independent analyst of accounting, business and manufacturing systems.

Bigger and more complex companies need full-blown, double-entry bookkeeping accounting systems that have sales, purchase and nominal ledgers. These so-called integrated packages include Sage's Sterling products, which cost from £100 to £500 through dealers.

Since the company's launch in the mid-1980s, it has attracted 170,000 users of this software in the UK; Sage services more than 58,000 support contracts. Sage is working with Microsoft, the US software house, on a joint promotion to allow the two companies' products to link and form what Sage calls "an integrated office environment" that incorporates spreadsheets, word processing and accounting packages.

But as ever in the fast-moving computer world, there are pretenders to the market leaders' throne. "In Sterling you have a world-class package with incredible volumes,"

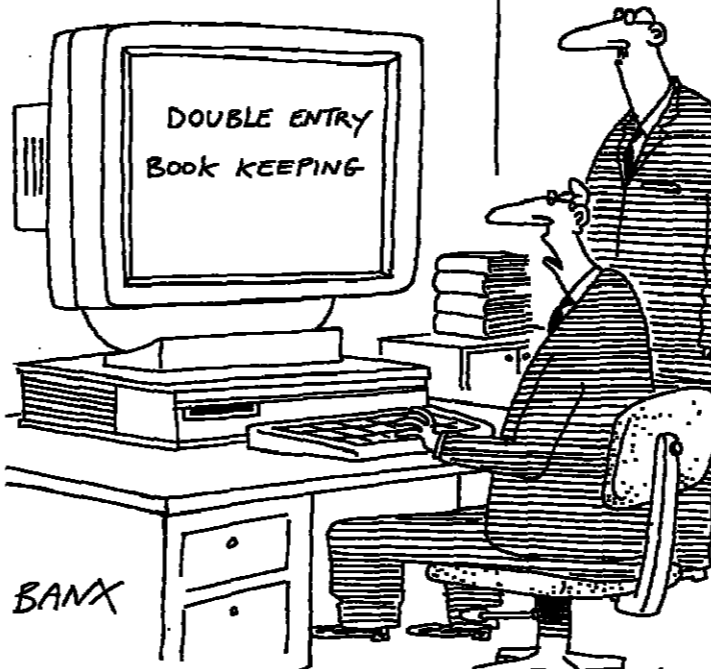
says Keeling. "But the product that has come from nowhere in 18 months to become a significant number two is Megatech's Tas Books."

Sold via mail order and costing £88, Tas Books has "taken on Sage and really eaten into its market in the UK", Keeling says. Sage's Sterling still dwarfs Megatech. But Megatech nevertheless claims 20 per cent of the integrated accounting packages, helped by a rare recommendation from the Institute of Chartered Accountants in England and Wales. Sage has about 60 per cent of this market.

The feature of Tas Books that will excite some business people - and appall some accountants - is that it allows users to correct their mistakes. And it comes with a detailed tutorial on double entry bookkeeping.

Just as word processors correct typing errors, so Megatech says its Tas Books acts as an account processor. Many accountants would say that mistakes should be reversed by contra entries even if this leads to clutter and a more expensive audit.

"With the account processor you



can make changes so the Books represents your source document 100 per cent accurately," says Theo Van Dort, founder and chief software designer at Megatech.

"We say forget what accountants will like, this is what businessmen will like. We want to record the original documents and not mistakes." To protect against unauthor-

ised entries, the system keeps an audit trail.

While Megatech claims some very big customers, Keeling says the system is probably limited to companies with sales of £5m. Van Dort disagrees, giving an example of one content Tas Books user, Massarella Catering Group, a retail caterer in department stores which has sales

of £28m through 96 outlets.

Some critics also say Tas Books has a limited appeal because it is available only within a Dos operating system, and not within Windows.

Sage, for example, which has 500,000 users in the US, says half its UK sales of accounting packages are in the Windows format. "Some people do not want it [accounting packages] in Windows at the moment," says Walker. "But in America if you don't have a Windows product you might as well go to sleep."

Encouraged by its success in the market, Megatech says it is now launching a Tas Books 2 version. In addition to the existing features, this software will allow users to automate stock control, sales order processing and purchase order processing.

This product will move Megatech towards a market serving bigger companies with so-called modular systems. Products in this market include Pegasus Senior, Sage's Sovereign, Tetra's 2000 and Camelon, Sun Systems' Sun Accounts and Multisort's Prestige. Each module - the cash book, the sales ledger, the purchase ledger - can cost up to £1,000.

It is a more competitive, higher end of the market where there is less growth, partly because most companies buying such packages will already have some form of computerised bookkeeping.

The real growth is below this level, according to Walker. "The new small- to medium-sized company market is still expanding. There is the company that has still not computerised and those people that computerised four to eight years ago and who have decided to catch up with technology and are buying new software."



In a Nutshell

Rugby tickets reward for business angels

The chance to buy tickets for December's annual rugby match between Oxford and Cambridge at Twickenham is the inducement being offered to business angels participating in a new survey.

The study, supervised by Hamish Stevenson of Venture Capital Report, previously a research fellow at Templeton College, Oxford University, it aims to capture the views and experiences of individual private investors who have backed, or want to back, small unquoted businesses in the UK.

"There is an important debate going on at the moment about what sort of people business angels are and how much money they are willing to invest," Stevenson said yesterday. "Our results should have important implications for industry practice and government policy."

*Business Angels project, Freeport (OF23), Templeton College, Oxford OX1 4BR or VCR, Tel 0491-579999.

Scheme to cut cost of administration

Small businesses fed up with the time and money spent on administration may be interested in an initiative launched yesterday by the British Chambers of Commerce.

The BCC Invoice Clearing House scheme requires companies to compile a list of suppliers, with the amounts to pay each one, and send a single cheque covering the full amount; the scheme then makes payments to all the individual suppliers.

Two dates per month can be chosen for the payment of regular bills, including electricity, rates bills and personal credit card accounts. The BCC claims its scheme will lower bank charges as well as saving time and other administration costs.

Further information on 071-222-1555.

Uphill struggle all the way

Ian Hamilton Fazey on a disappointing 10 years for UK corporate venturers

Corporate venturing in the UK has failed to match early hopes, according to a paper published last week.

Corporate venturing is the process where big business invests in small business through taking minority equity stakes - usually in emerging, high-technology companies. It is supposed to provide windows on new technology, takeover opportunities as research matures and, eventually, big profits.

Investment may be direct, but is more usually via a fund run by an experienced venture capital manager used to finding growing businesses worth backing.

The paper, by Kevin McNally of the Urban Policy Research Unit at Southampton University, makes depressing reading for anyone who attended a 1984 London conference organised by Arthur Andersen, the accountancy firm, and Venture

Economics, the collector and publisher of venture capital data.

The conference tried to persuade chairmen, chief executives and finance directors of leading UK companies that corporate venturing was a good thing. What has happened since can only be interpreted as 10 years of failure, as McNally reveals.

Whereas the US venture capital industry received about 20 per cent of funds from corporate venturers during the 1980s, Britain's peaked at a 6 per share (£24m) in 1988 and a value of £62m (4 per cent share) in 1989.

McNally says there is some

evidence of pick-up since - £50m from corporate sources in 1992 and a 15 per cent share of funds raised last year - but pension funds, insurance companies and other financial institutions continue to dominate the ranks of fund-providers.

The research covered 41 venture capital funds. Although 16 had attracted corporate venturing contributions, the base is narrow: 12 were run by Advent International and only one-third of all the corporate venturers were UK companies: 30 per cent were from the US, 11 per cent Japan, and 7 per cent Australia.

Of the remaining funds, six had

been rebuffed by companies they approached and many of the others had not bothered on the grounds that there were easier ways of getting investors.

Many fund managers believe corporate venturers are not worth the trouble. They are seen as short-termist, with unrealistic expectations of quick, spectacular returns. They also fail to understand how venture capitalism works - as a portfolio of investments where the lemons ripen before the plums.

Corporate venturers may be less common in the UK because of the industry's focus. Seed capital, start-up or early-stage funding

accounted for 31 per cent of monies disbursed by US funds in 1981, compared with 6 per cent in the UK.

Also, if management buyouts and buy-ins are excluded, 84 per cent of US disbursements were in technology-related projects, against the UK's 30 per cent. This suggests the UK venture capital industry may not actually be doing much in the market segment where corporate venturing might appeal more to big companies.

McNally thinks corporate venturers could fill funding gaps now appearing as pension funds and insurance companies become more cautious.

His research is useful because it shows how to develop more mutual self-interest for both sides. Potential corporate venturers need to correct their long-term vision, but venture capital funds need to find more technological projects at a fundamental or prototype stage for them to look at.

One problem, however, remains the same as spelt out by a speaker at the 1984 conference: "Large companies are usually very uncomfortable with small businesses. There is often an attitude of 'If it's good why don't we own all of it? If it's bad, why are we messing about like this?'" It looks uphill all the way.

*Sources of Finance for UK Venture Capital Funds: The Role of Corporate Investors, by Kevin McNally, Urban Policy Research Unit, Department of Geography, University of Southampton. Price £10.

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7a Church Street, Southwell,
Nottingham NG5 0HQ

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For further particulars contact:

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For further details please contact Phil Revell, the Joint Administrative Receiver, or Adrian Allen at Smailey Excavators, Foxhall Lodge, Gregory Boulevard, Nottingham NG7 6LH. Tel: 0602 626578, Fax: 0602 691043.

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- The company has a workforce of 130 employees.
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For further information please contact either W. Paxton or P. W. Gray at Touche Ross & Co., Central Exchange Buildings, 93a Grey Street, Newcastle upon Tyne NE1 6EA. Tel: 091 261 4111. Fax: 091 232 7665.

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Lane Heywood Davis,
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Tel: 071 403 4403 Fax: 071 357 6357

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United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in the appropriate square on the reverse of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

Dated 15 March 1994

LEGAL NOTICES

No. 001252 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF BLACK TIME SYSTEMS LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice, Chancery Division on 22nd February 1994 for the confirmation of the cancellation of the share premium account of the above named Company.

AND NOTICE is further given that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 23rd day of March 1994.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the cancellation of the share premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undersigned Solicitors on payment of the Regulated Charge for the same.

Dated the 15th day of March 1994
CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JH
Ref: RWC
Solicitors to the Company

No. 001254 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF BLACK TELEVISION COMMUNICATIONS LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice, Chancery Division on 22nd February 1994 for the confirmation of the cancellation of the share premium account of the above named Company.

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Dated the 15th day of March 1994
CLIFFORD CHANCE
200 Aldersgate Street
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McKinnon to chair T. Cowie



Sir James McKinnon, previously director general of Ofgas, the gas industry regulatory body, has been appointed non-executive chairman of T. Cowie, the motor finance and retailing group with a turnover of £900m.

His appointment, which takes immediate effect, reflects the enhanced influence on Cowie policy of chief executive Gordon Hodgson since the company's first founder and chairman Sir Tom Cowie retired last year.

Until now Cowie has had only one non-executive director at a time on its board. The company is now seeking a third, to join Sir James and Lord Elliott of Morpeth, until now the only one; an announcement is expected shortly.

A spokesman says Cowie believes non-execs can bring a valuable outside perspective. Sir James had been chosen because of his extensive city experience and the "right chemistry" with Hodgson. Both, said the spokesman, were self-made men from modest backgrounds who had trained as accountants. "They both have a forthright and frank manner."

Sir James, 64, was earlier this month recruited as chairman of Trafficmaster, a provider of in-car traffic information, which is to be floated. Currently he chairs M&L, the money, securities and television company, is deputy chairman of Scotia Holdings (pharmaceuticals), chairman of Ionica (radio telecommunications) and a non-executive director of Admiral (computer services, systems development and software). His Cowie role is expected to take up four to five days a month.

■ Fred Wellings, 52, who has seen more building industry booms and busts than most of his stockbroking colleagues, has proved that there can be a profitable after-life for ageing stockbroking analysts. He quit being a full-time broker on his 50th birthday, and has carved out a new career as consultant, author and non-executive director.

Berkley Group, the successful UK housebuilder, has just appointed Wellings to its board. He has been working for the firm as a consultant for a couple of years. Wellings has also recently published his first textbook, *Construction Equities: Evaluation and Trading*, and is correcting the proofs of a company history of Marley. His next project is a bibliography of banking history.

Wellings, who also acts as a consultant for accountants Robson Rhodes and stockbrokers Credit Lyonnais Laing, started his city career with Phillips & Drew in 1982 and spent time with J & A Scrimgeour before ending up at Laing & Grubbstock. "When I started every analyst was required to cover three or four sectors. Now there are three or four analysts per firm covering each sector," says Wellings, who has no regrets about his mid-life career switch.

He's not the first building analyst to move into the industry. Bob Erith, 55, who covered the building industry at Savory Mills for many years, sits on the board of Crest Nicholson.

■ Jan Hall (below) has joined the board of travel group Owners Abroad, whose top management is being restructured under the leadership of Francis Baron, its new chief executive. Hall's experience of branding makes her a useful non-executive find for Owners Abroad. For the past 10 years, she has been chairman of Coley Porter Bell, a corporate and brand



identity consultancy which became part of the WPP group in 1989. Hall, 38, recently left the company.

Baron, who took over late last year, has said he wants to trim the group's diverse and confusing holiday brands, which include Sovereign, Enterprise, Falcon and Summed. He is also pondering changing the name of the group. The Owners Abroad label dates back to the company's original business, which was selling flights to people who owned holiday homes abroad.

One of Hall's final projects at Coley Porter Bell was to oversee a branding project for Air-tours, Owners Abroad's rival. Her former company helped Air-tours come up with Going Places, the new name for its Pickfords Travel and Hogg Robinson travel agency chains. Hall says she has assured Air-tours that no confidential information will be passed on to Owners Abroad.

Other non-execs

■ Floris Matijers, chairman of Unilever, at AMOCO.

■ Richard Pierson has resigned from KLEINWORTH CHARTER INVESTMENT TRUST.

■ Roger Murray, president of Cargill Europe, at FLEMING EMERGING MARKETS INVESTMENT TRUST.

■ David Beatty, a solicitor with Wilde Sapte and a part-time lecturer at Kingston University, as deputy chairman at NATIONWIDE BUILDING SOCIETY.

■ Bill Thomson, md of Edinburgh Tankers and a past chairman of the British Ports Federation, at MASTHEAD INSURANCE UNDERWRITING.

■ Jean-Michel Rusanacher, former chief executive, at KELT ENERGY.

■ Thomas Cusack, senior vice-president of Transamerica Corporation, at SEDGWICK GROUP.

■ Raymond Horsey as chairman at JERMYN INVESTMENT CO on the resignation of Gerald Newton.

■ Richard Young has resigned from EBOOKS SERVICE GROUP.

■ Sir Ian Wrigglesworth, deputy chairman of John Livingstone & Sons and former MP for Stockton South and Teesside Thornaby, and Alan Fletcher, a partner and director of Apax Partners, at CRABTREE GROUP. Luke Johnson has resigned.

Constructive careers



■ Frank Hill (above left), formerly commercial director of Balfour Beatty Building, has been appointed commercial director of TARMAC Construction's building division.

■ Tony Evans (above right), formerly md of Laing Eastern building region, has been appointed md of LAING Civil Engineering.

■ Max Barr has been appointed finance director of Hall & Tawse Scotland, part of RAIN.

■ Terry Hawksby, md of Bett Homes, and Sandy Grant, promoted to group finance director, have been appointed to the board of BETT BROTHERS.

■ David Webb, md of Shepherd Building Services, has been appointed to the main board of SHEPHERD CONSTRUCTION.

■ Mike Welton, formerly md of Balfour Beatty Civil Engineering, has been appointed operations director and to the board of BALFOUR BEATTY.

■ Clive Groom, formerly md of Matthew Hall, has been appointed chief executive of Building and Property Management Services, recently bought by AMEC from the government. He is replaced by joint mds John Maclean and John Pitts. Allister McKerrall has been appointed md of Denco, an AMEC company, on the retirement of Barrie Carter, who becomes a non-executive director.

■ Bob Stephens, formerly md of Twicken Homes, part of Kier, has been appointed divisional chief executive for the BERKLEY GROUP in the south west and Wales.

■ David Calverley, formerly a director of Trafalgar House, has been appointed md of TRY Homes and to the group board.

■ Chris Lea has been appointed a director of ST MODWEN Developments.

■ Roger Braysshaw, formerly regulation policy controller at the Housing Corporation, has been appointed finance director of HIGH WEALD HOUSING ASSOCIATION.

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At the meeting of the Board of Directors of Sensukai Co., Ltd. (the "Company") held on 4th March, 1994, a resolution was adopted for the stock split, particulars of which are given below.

Consequently, the Subscription Price of the captioned Warrants (the "Warrants") shall be adjusted, as specifically provided in paragraph 2 below.

1. The stock split will be made as of 20th May, 1994 to shareholders of record as of 31st March, 1994 (Japan time), at a ratio of 1.1 shares for each share held. The dividend for these new shares will accrue as from 1st April, 1994.

2. Pursuant to Clause 3(1) of the Instrument, the Subscription Price will be adjusted from Yen 2,471 to Yen 2,346.10 per share of the Company's common stock. The new Subscription Price will become effective on 1st April, 1994 (Japan time), which is immediately after the record date.

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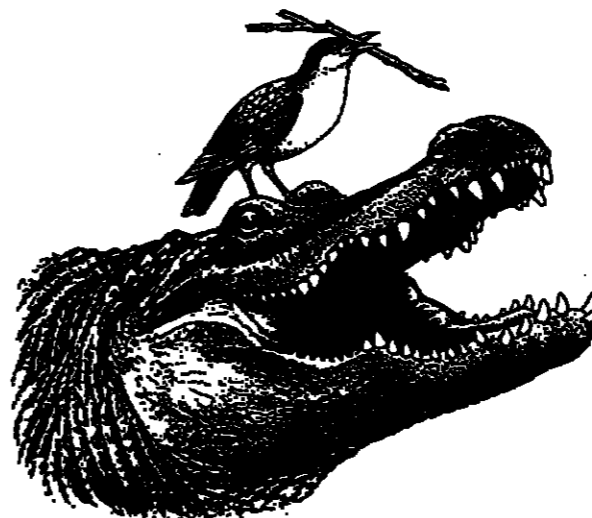
Among other issues the survey will take a close look at the restructuring of the country's industry and banking system as well as the booming stock exchange.

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For two decades, space technology has provided innovative technical solutions to everyday problems as well as making glamorous space exploration missions possible. The European Space Agency (ESA) has realised, however, that many more earth-based uses for space technology could be found in fields such as medicine, electronics, communications, energy and materials science.

Everyday examples of space technology transfer, the process of applying innovations developed for particular space missions for earth-based use, include the anti-scratch protective layer on plastic contact lenses, air-filled soles of high-tech running shoes, aluminium foil, digital clocks and microwave ovens.

Although technology transfer has occurred informally in space research for several years, many potential terrestrial applications remain unexploited. Lack of time and tunnel vision on the part of research engineers, are two of the main reasons for this.

ESA therefore initiated a technology transfer programme in October 1991, with the aim of identifying space technologies that might have civil or commercial applications, and encouraging their transfer.

The initiative is run by Spacelink Europe, a consortium of technology brokers from the UK (JRA Aerospace), France (Novespace), Germany (MST Aerospace) and Italy (D'Appolonia).

Spacelink scouts ESA contractors for possible transfers, catalogues the ideas, contacts non-space companies which may be interested, and eventually negotiates a deal and takes care of inquiries.

The Spacelink catalogue, featuring the space technologies available for exploitation, is called Test (Transferable European Space Technologies) and is published annually. The latest edition, Test 3, contains 60 technologies in many fields such as optics, sensors, communications, life sciences and robotics. Including the earlier catalogues, there are 170 technologies on offer.

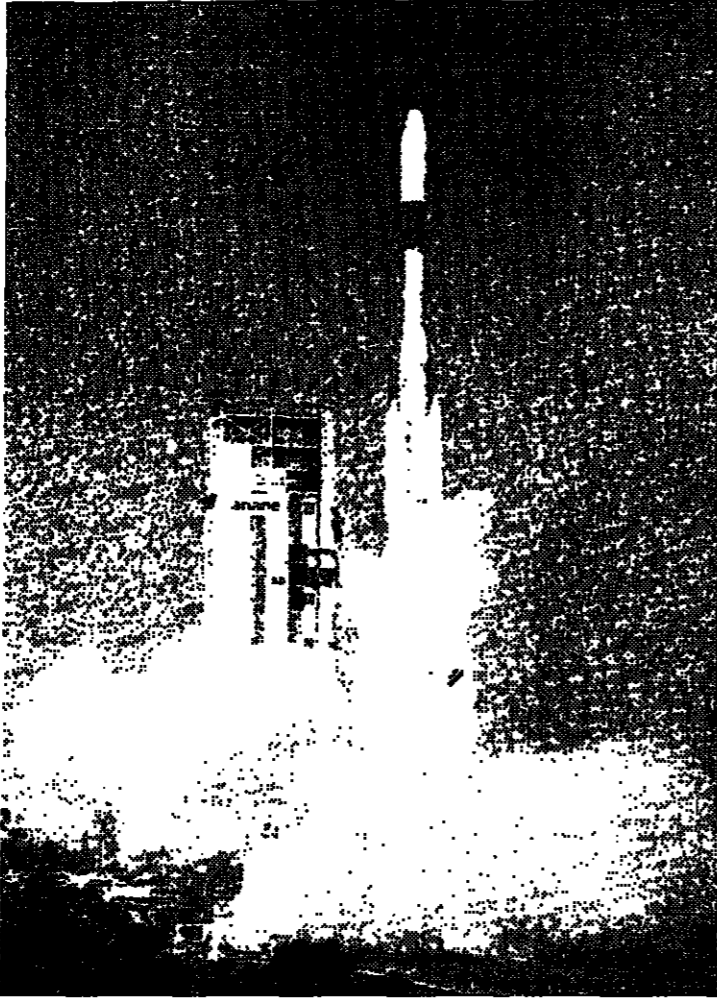
Spacelink's objective is for non-space companies to sign a licensing agreement or form a joint venture with the "owner" of the technology. This is either the ESA contractor, ESA itself or shared between the two. The technology may be protected by a patent, but this is not always necessary to license the technology.

Although one of the original goals of the programme was for it to become self-financing, through licensing and technology transfer services, its main aim is not economic benefit but to show that space is not just for sending rockets but can have applications on earth.

Anne Marie Hieronimus-Leuba,

Miranda Eadie on a programme to promote terrestrial uses of innovations developed for space missions

Science brought down to earth



Spin-offs from space research appear in nearly all fields of science and technology

head of ESA's space commercialisation office, says that it is "more concerned with showing that investment in space is paying dividends in terms of terrestrial applications, and that it is not just about sending beautiful objects into space".

The ESA also hopes the programme will increase each of the member states' financial return and share in the technology spin-off. It is an ESA policy that

each accounting unit paid by a member state into the agency budget awarding industrial contracts should eventually flow back to that member state.

The direct terrestrial applications of space research (weather forecasting, communications via satellites, satellite television, etc) are more evident than the indirect ones, or spin-offs, which do appear in nearly all fields of science and technology: lucid image processing

software, developed for use in remote sensing, has applications in the security forces in number plate detection, face recognition and fingerprint analysis; Aerocoat fire protection materials, developed to protect equipment on the Ariane space rocket from very high local temperatures generated during the launch phase, are now used to protect sensitive equipment in trains for the Channel tunnel link; human waste management systems, developed for use in space, are now being considered for hospital clean rooms, where hygiene is also a priority; Cream (Cosmic Radiation Effects and Activation Monitor), developed for the Nasa Space Shuttle, has been adapted for high flying aircraft and fitted to Concorde; and Radfets, miniature real-time radiation dosimeters, used to monitor background radiation on ESA spacecraft, are being developed to measure radiation doses during cancer treatment.

"Technology transfer is a very slow process and financial return cannot be expected in less than four years," says John Rootes, managing director of JRA Aerospace. "There is a time delay of about a year and a half between the initial contact with a technology, the definition of the licensing agreement and the signing of a contract. A further two years is then needed for the adaptation, testing and fabrication of the technology."

Although the process is traditionally slow, the programme has advanced more rapidly than expected. When it began, the goal was to secure six transfers in the first three years.

The fact that nine have already been agreed (and that there are many more in the pipeline) indicates great prospects for the programme. The rapidity of these transfers can, in part, be explained by the fact that 40 per cent of them have occurred in the field of software engineering where transfer modifications are minimal.

ESA invested £2m in the programme at its conception. The majority of this is used to pay the members of Spacelink to run the programme but, occasionally, if a

transfer looks interesting and there is a shortage of finance to carry it out, ESA may offer some financial support.

This was the case at the Brunel Institute of Bioengineering, where shape memory alloys, originally used to make linear actuators for a space bioprocessing facility, showed prospects in medicine as "staples" to mend broken bones.

The institute received £12,000 from ESA to develop these staples, and general advice was given with regard to the technology transfer. Financial support was also gained by AEA Technology after the huge interest shown in its solid lubricants which appeared in Test 1: £5,600 was donated to help pay for a short study into possible terrestrial applications.

Tony Anson, the research engineer at Brunel, is an "enthusiast" of the programme. He says that besides the programme being an encouraging initiative, the financial support is "extremely welcome in a country like the UK where the government does not have a particularly philanthropic approach towards research and where there is a dire shortage of funding". He believes he has a dozen or so technologies which could realistically have a considerable impact in the medical field, if only he could find the money to exploit them.

One of these is the use of shape memory alloys as a prosthesis for hole in the heart. Other transfers which have taken place as a result of the programme include: high stiffness composites developed by Dornier to build space structures for the Rosat X-ray satellite, which are now used for ground-based telescope reflectors and for large screens needed for training systems; ESA's software standards, which have been adopted by many space and non-space companies and which are about to be published by Prentice Hall for worldwide distribution; and image processing software, developed to analyse astronomical images, such as those from Hubble, licensed by Photek for possible application in an image intensification camera.

This camera, which contains a Swedish optical chip, again identified through the programme, could be used for research into arthritis and cancer. The latter examples demonstrate the range of applications for space technology and highlight how separate European initiatives can combine for common good.

ESA ultimately hopes that space industries themselves will strive to identify potential technology transfers as early as possible in the R&D stage. Such lateral thinking should lead to joint development schemes and more marketable products.

From Jurassic Park to Gatwick Airport

Della Bradshaw on the clarity of computer-generated designs

The graphics design technology that produced the animation in blockbuster films *Jurassic Park* and *Batman* is now being used to help design "environments" such as the interiors of buildings. British Rail's InterCity division got together with design consultants PSD Associates of Isleworth, Middlesex, to redesign the facade of the Gatwick Express station at the London airport's north terminal.

The brief was simple: to make the entrance immediately noticeable. "We wanted something with a bit of life, a bit of interest, a bit of sparkle," explains Simon Brazier, InterCity's architectural business manager. Using a Silicon Graphics workstation and software from Alias, PSD designed a number of options for the new portals. The design company then met representatives from InterCity and Gatwick Airport, which owns the site, to decide on a design.

At that point, says Steve Hughes, associate director at PSD, one of the big advantages of the system came into play. "It was a hands-on meeting, where we could pull out different elements of the design. We got lots of people round the table and they could 'buy in' to the final design."

The photographic quality of the computer-generated designs also helped, Hughes believes. "Because it looks like a photo, not a drawing, everyone can understand the image. People look through sketches and they

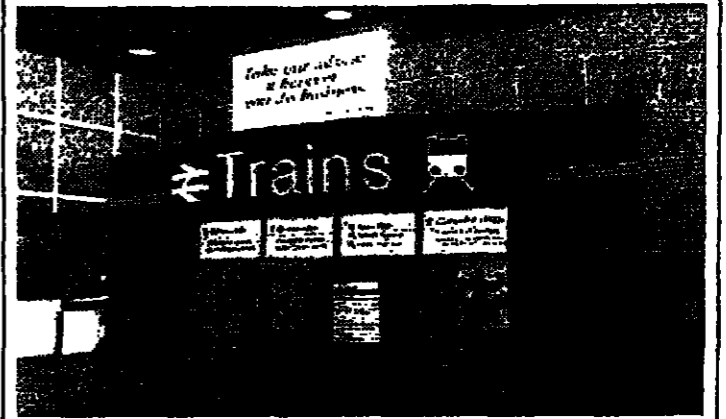
don't really believe them." Brazier, too, was impressed with the photographic quality of the images. "With drawings you don't get a real feel. With the photographic quality there is no doubt what you are going to get."

He also liked the short animation sequence, which manipulated the images to give the viewer the impression of walking through the portals of the new entrance. "To be able to walk through while the design is still on the drawing board or computer is a wonderful facility. These options will be very valuable for other schemes."

These could include the interior design of buildings, station entrances or even trains. Brazier envisages being able to design a train interior and then walk through it as a passenger would. The software enables the designer to change the seating plan or even the colour of the fabric.

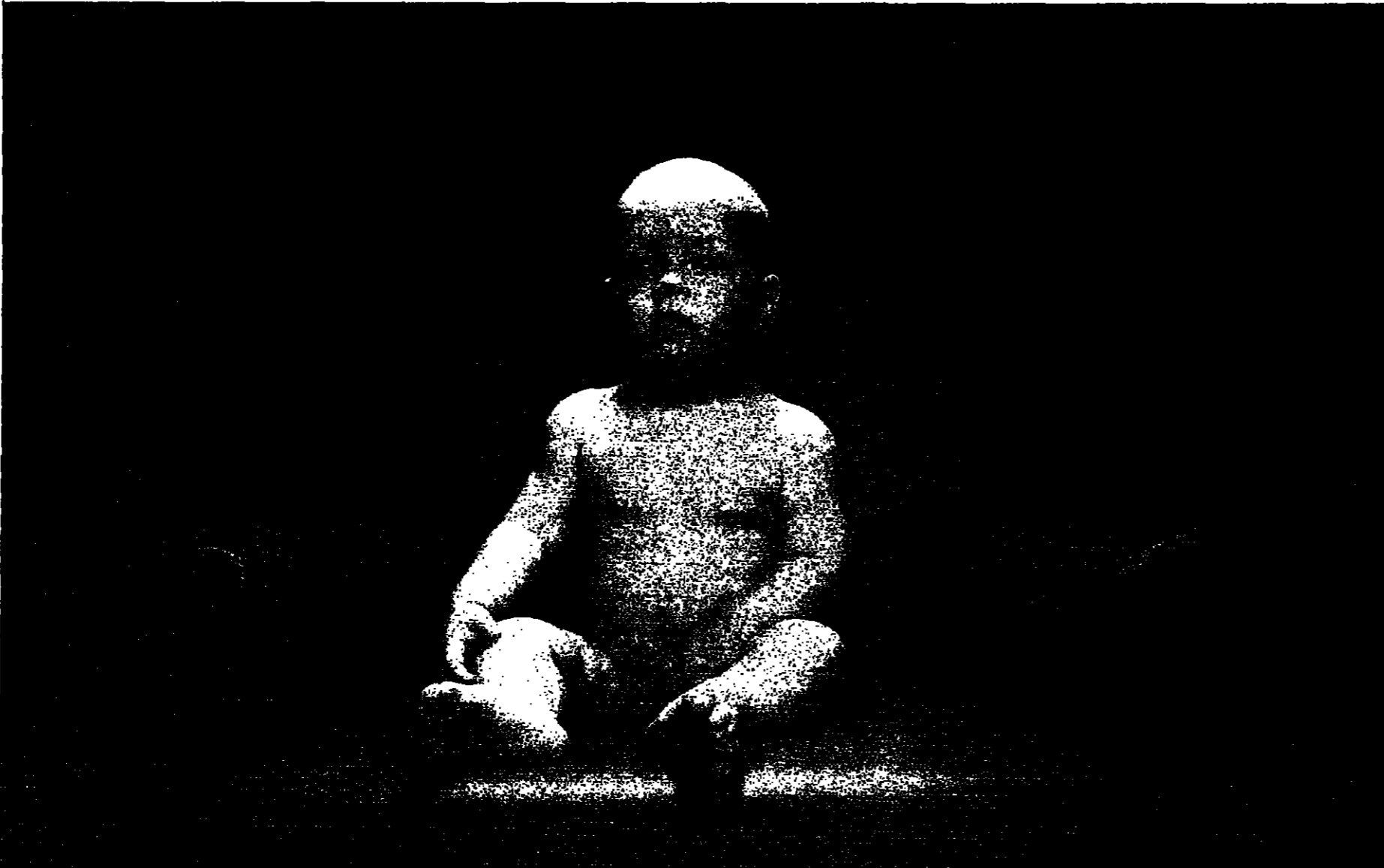
At PSD the designers are looking ahead to further uses of the system. In particular where it can be used to speed up the design process. They are considering using videoconferencing links so that they can discuss their designs with international clients.

As for the design of the new facade for the Gatwick Express station, in the distinctive InterCity claret colour, it has been put on hold while the airport authorities decide whether to go ahead. If not, says Brazier: "I'll go back to PSD and get them to modify the sketches."



PSD's design for the Gatwick Express station in the airport's north terminal

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BUSINESS AND THE LAW

When only direct challenge is valid



Individuals who do not take up their rights to challenge European Commission decisions by bringing direct actions in the European Court of Justice cannot later challenge them by way of a reference from a national court to the ECJ for a ruling on a preliminary point of law, the Court ruled last week.

The case concerned the payment of state aid to a German textile company about which the Commission had not been notified and which was therefore declared unlawful. The German government was ordered to seek restitution of the money. A copy of the Commission decision was sent to the company by the Federal economics minister who advised the company it could challenge the decision by a direct action in the ECJ.

No such proceedings were brought either by the company or the German authorities. More than six months later, the Federal economics minister withdrew the decisions to grant the aid, in compliance with the Commission decision.

The company brought proceedings for judicial review in the national courts against the minister's decision. The proceedings were dismissed at first instance. The company appealed, claiming that the aid in question had been partially compatible with the Rome treaty rules and that this vitiated, at least in part, the Commission decision declaring the whole package unlawful.

The company claimed that it was entitled to invoke this claim despite the fact that the limitation period for bringing a direct action before the European Court of Justice had expired. The appeal court referred the issue to the European Court for a preliminary ruling.

The Court set out its own jurisprudence on the issue. First, it said a decision which had not been challenged in a direct action by its addressee within the limitation period set down in the Rome treaty became definitive. Second, a company benefiting from an individual state aid which was the subject of a Commission decision was entitled to bring a direct action before the ECJ challenging it, even if the decision was

addressed to a member state.

The Court said time limits set out in the Rome treaty for direct actions applied equally to member states and individuals. Thus, a member state which failed to bring a direct action within the limitation period could not challenge the validity of a decision thereafter. The reason for this was that the imposition of limitation periods safeguarded legal certainty by avoiding the situation whereby Union acts could be challenged indefinitely.

The Court then ruled that the same reasons led it to exclude the possibility of an individual beneficiary of state aid challenging a Commission decision by attacking the national measures taken to ensure compliance with it, where that individual had had the opportunity to challenge the Commission decision directly before the ECJ but had failed to do so. If it were otherwise, the Court continued, the individual would be changing the definitive nature of the Commission decision.

The Court distinguished the present case from previous ones in which it had ruled that the mere fact that a direct action had been brought before it did not stop the same party from bringing an action before the national courts in order to challenge national acts executing the decision which formed the basis of the direct challenge. The Court pointed out that in these previous cases, direct action had been brought by the individuals concerned.

The Court also distinguished another case, in which it had ruled that an individual was entitled to challenge the legality of a Commission decision by challenging a national act taken pursuant to that Commission decision.

The Court stated that the only act capable of being challenged by the individual in that case was the national act and that the individual had the right to challenge such decisions indirectly before the national courts when direct action was not available. In the present case, the individual was made fully aware of the Commission decision and the possibility of challenging it directly.

C-189/92 TWD Textilwerke Deggendorf GmbH v Germany, ECJ FC, 9 March 1994.

BRICK COURT CHAMBERS, BRUSSELS

Recent reforms of the legal profession are beginning to bear fruit. Five years after Lord Mackay, the Lord Chancellor, launched his ambitious plans to find "new or better ways of providing [legal] services and a wider choice of persons providing them", traditional demarcation lines are breaking down.

Solicitors have been granted the right to appear as advocates in the higher courts. The Bar is considering allowing the public direct access to barristers. And four organisations, the Institute of Licensed Debt Practitioners, the Institute of Commercial Litigators, the Chartered Institute of Patent Agents and the Institute of Legal Executives have applied to the Lord Chancellor's advisory committee on legal education and conduct for limited advocacy rights or the right to conduct litigation.

The threat posed to the Bar by solicitor advocates has been apparent for some time, but challenges to solicitors' monopoly on the preparation of cases for trial - the so-called conduct of litigation - are new.

Solicitors have little to fear from three of the institutes. The debt practitioners want litigation and advocacy rights in unopposed debt work in the county courts. Patent agents, who already hold advocacy rights in the patents County Court, want litigation rights in the High Court. Legal executives, who have some rights as solicitors, representatives in chambers hearings want extended rights for limited areas of work in open court.

The application by the Institute of Commercial Litigators is a different proposition, however. The ICL was founded by construction consultants James R Knowles and Bucknall Austin and by chartered quantity surveyors Cyril Sweett, Tweeds and Beard Dove. It is seeking the right to conduct litigation in building, construction and engineering matters, including negligence disputes, in the High Court (mainly the Official Referee's Court), county courts and in any appeals.

If its application is approved by the advisory committee and subsequently by the Lord Chancellor and England's four senior judges, members of the institute could pose a considerable threat to the solicitors' monopoly in lucrative construction and building litigation.

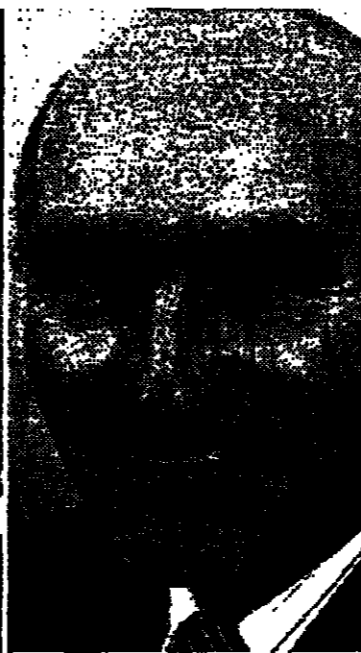
The construction industry is the largest in the UK with an annual turnover of some £30bn, employing around 1.3m people. Construction contracts can be extremely complex involving employers, main contractors and sub-contractors working closely with architects, quantity surveyors and consulting engineers. Problems unique to the construction industry such as bad weather, unsuitable ground conditions, combined with others such as design

Fight to take case to trial

Robert Rice on the challenge to solicitors' sole conduct of litigation



Lineen: the ICL can cut client costs



Jensen: 'one stop shops' case is clear

problems and material failures, result in disputes. These disputes, which often involve complex technical matters, and issues of fact and law, occur regularly.

Patrick Lineen, Knowles's finance director and a director and founder member of the ICL, estimates that the construction/building disputes market is worth about £150m a year. Construction consultants and quantity surveyors already take about 30 per cent of that market through their conduct of arbitrations. They both prepare claims and present them on behalf of contractor clients. But if a dispute goes to litigation, the conduct of the case must be relinquished to a solicitor.

This is what construction consultants object to. Mr Lineen says there is little appreciable difference between preparing a case for arbitration and preparing it for trial. But more importantly construction clients dislike the duplication of effort and additional cost when a dispute goes to court.

Paul Jensen, deputy managing director of Knowles, says the advantages to construction clients of being able to use construction consultants and quantity surveyors as

"one stop shops" for disputes are clear. He says it is more economical to brief one group rather than two, consultants are cheaper than solicitors, and there is a technical affinity between consultant and client which rarely exists between construction client and solicitor.

"When a client comes to us with a potential dispute involving complex technical issues we understand the problem immediately, whereas for most solicitors who don't possess the necessary expertise there is a learning curve for which the client is paying," he says.

There is no shortage of legal skills either. Of 186 consulting staff at Knowles, 26 have law degrees in addition to industry qualifications, 18 are barristers and 81 are associates or fellows of the Chartered Institute of Arbitrators.

The ICL's application was put together over 15 months and has been very carefully pitched. Its professional conduct, discipline and complaints rules are based on those of the Law Society. Training for those wishing to become fellows of the ICL would be handled by the University of Bristol under the guidance of Professor Malcolm

Furnston and would follow the approach currently taken by the Law Society and the Bar - a skills-based course followed by a period of supervised on-the-job training.

Consultants and quantity surveyors who are already dual qualified as barristers or solicitors would have to pass an exam on Commercial court procedures, plug any gaps in their specialist knowledge and undergo a period of supervised training.

The application is at first sight difficult to fault. But the ICL expects strong opposition from solicitors. John Bishop chairman of the 200-strong Official Referee's Solicitors' Association and senior partner of Masons, one of the leading construction litigation law firms, regards competition from non-solicitors for the right to conduct litigation as "inevitable and probably a good thing".

Provided they are competing with solicitors on level terms by complying with similar standards of training and conduct he is happy to let the market place decide. But he says: "I'd be surprised in the short and medium-term if they could match the experience and expertise that solicitors have in managing major litigation."

Andrew Lockley, head of the Law Society's legal practice directorate, says there are some obvious concerns. He foresees problems with the ICL's low membership - five members at present - and its lack of experience in training or regulating members.

"It seems odd that they haven't asked their various professional bodies, such as the Royal Institute of Chartered Surveyors, with good track records to apply on their behalf," he says.

He also foresees a problem in preserving the integrity of expert witnesses. The ICL seems happy for consultants to conduct litigation and instruct a member of their own firm as an expert witness, he says.

"It would not be possible for a solicitor, other than in very special circumstances, to provide a witness from his or her firm and certainly not an expert. If it is not prohibited by the rules of this institute we would have very grave concerns," he says.

Mr Lineen is sanguine about these grumbles. The ICL is prepared to leave it to the advisory committee, which will at the end of this week put the application out to consultation. The institute should have a better idea of its chances of success by the autumn. Mr Lineen says that if the green light is given it will begin a recruitment drive. He says other industry sectors such as property, shipping and supply industries might also benefit from similar rights, and the ICL is budgeting for more than 1,000 members within five years.

LEGAL BRIEFS



US legal system not consulted by 40% of low earners

Each year roughly half of low and moderate income households in the US face a legal problem but most of them do not consult a lawyer or turn to the civil justice system. According to the National Law Journal, a US legal magazine, a survey commissioned by the American Bar Association discovered that more than 40 per cent of households in both income groups attempted to resolve problems on their own, while 38 per cent of the low-income households did nothing at all. Asked why they took no action, respondents said they "thought nothing could be done". The most common reason given by respondents for not consulting a lawyer or using the civil justice system was they "did not think it would help".

In 71 per cent of cases where a legal need was identified by low-income households and 61 per cent in middle-income households, the civil justice system had not been involved. Most common legal problems were debt and consumer issues; housing; personal injury; and family and domestic relations. Mr R Willis ABA president, said the inability to resolve such problems simply because Americans did not have access to appropriate help was "a national tragedy".

Maternity rights

The Law Society's governing council last week adopted a proposal by the Association of Women Solicitors to enhance maternity rights to women law firm partners, as part of its model anti-discrimination policy. The move is in line with maternity rights for all women employees under the 1978 Employment Protection (Consolidation) Act. Equity partners, not being employees, fall outside the statutory protection.



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CREATING THE RIGHT CHEMISTRY

AKZO NOBEL

Hidebound by rhetoric

It has to be said at once that *Unbound*, which with *Dark: The Early Years*, makes up the spring double-header at the Hayward, is as dispiriting and misbegotten an exhibition as could be contrived. What makes it worse, if that is possible, is that it raised beforehand a certain curiosity and even a few hopes. Subtitled *Possibilities in Painting*, it promised the work of some 14 artists from around the world united only in "their passionate devotion to the physical, intellectual and emotional range offered by painting." We should have known better.

In the event it proves to be a celebration only of the kind of painting that fits the narrowest curatorial interest, which may be characterised as the orthodoxy of the conceptual avant-garde. We are in a time in which, as the Hayward's publicity material puts it, "galleries... are reporting an upsurge of interest in paintings", to which

sight (it) seems nothing more than a blank sheet of plywood, pinned to the wall... it is a painting which has turned its back to us: it is the reverse side of a painted panel... it comprises several paintings sandwiched together, paintings we shall never see." Hmmmm: and that makes the painter himself so special? Indeed. "He works between positions, and with all positions: he works with dualities, oppositions, repetitions and contradictions. He does not so much have a repertoire of painting, as scrutinise what a repertoire means. His work is rigorous..." And is it for him or us to turn a face to the wall, and weep?

It is easy enough to mock, but necessary. Take the American, Jonathan Lasker, whose practice is to overlay simple abstract figures, one upon another - grids, whirls and pictograms, all drawn with a self-conscious clumsiness. His has been, "a scrutiny of intention and order in painting, and yet his work is filled with paradox... the final mark... as much a denial or cancellation... as it is a summation." Raoul de Keyser, a Belgian, presents a suite of small canvases, each painted with a perfunctory simplicity, the image sometimes roughly gestural but more often a set of rectangles, ambiguous blocks or apertures within the picture-plane. They have "the concentration of a stare... they are full of impetuosity and strangeness... the activity of painting is often a series of delays... (undermined) with some reckless manoeuvre..."

So the special pleading goes on. Michael Krebber, another German, offers imagery of an almost cynical ineptitude, its significance, we are told approvingly, "jeopardised by the abject manner of its description... What we are offered... is snatched back, in repeated acts of self-consumption." What do we learn of our own Zeebe Jones, and his "opaque, all-over, single-bued surfaces"? "The light in the paintings is fugitive, depending on how one stands in relation to the object", which is a great help.

The presence of Peter Doig and Fiona Rae in such company is a surprise, that of Paula Rego oddest of all, for whatever else they might be, they are all true painters in something more than the mechanical and process-driven sense so dear to the selectors. But Doig won the John Moores Prize last autumn, Fiona Rae has been a Turner Prize contender, and Paula Rego presents the acceptable face of narrative painting, so it was safe enough to put them in. But for the "Possibilities of Painting" that they adumbrate in their work, we are far more likely to find them relished and explored at the Summer Show of the Royal Academy than ever at the Hayward.

Unbound: Possibilities in Painting, Hayward Gallery, South Bank Centre SE1, until May 30.

William Packer castigates the organisers of *Unbound: Possibilities in Painting*

disingenuous remark there are two things to say. There is no such upsurge of interest for the simple reason that there was never a downsurge: painting continues as it has always been, a principal means by which artists express their engagement with their experience of the world. Had there been one, however, any such downsurge would have been brought about precisely by the curatorial myopia and theoretical narrowness that such a show as this represents. As for the poor painter, he would be forgiven for never wanting to see "a possible painting" ever again.

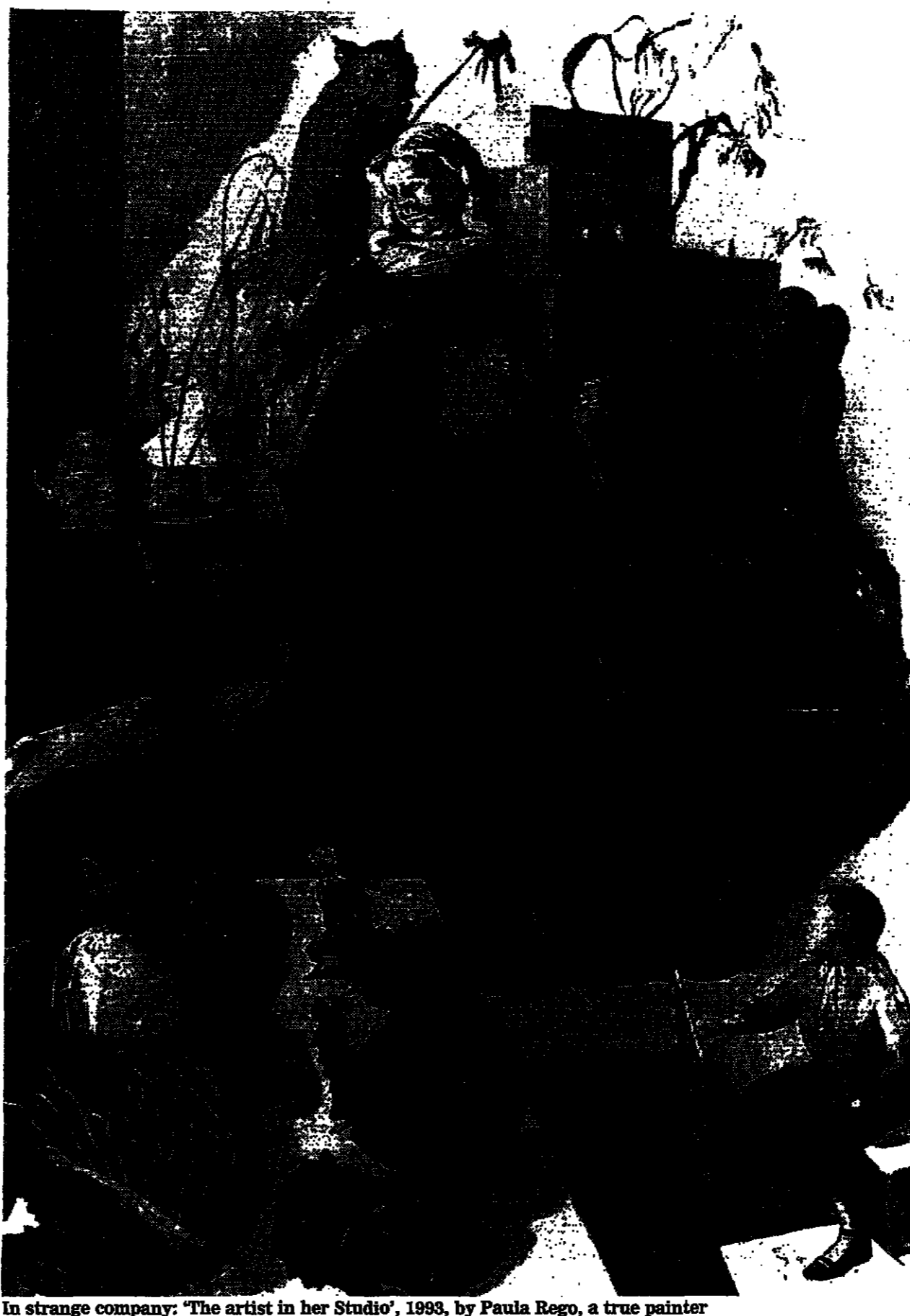
The play is this. Since, to the sincere and educated curator of contemporary art, the only art to be respected is that sanctioned by its engagement with the currency of the avant-garde: and since that present currency is insistently conceptual - that is to say idea led - and since painting, stubborn as ever, won't go away: what to do? Why, shoe-horn it somehow or other into that fixed set of received principles. That done, position is secure from all attack - heads, we win; tails, you lose. "Those who treat painting precisely as an 'old-time religion', and they are endemic, especially in Britain," writes Adrian Searle in his catalogue apology for himself and his colleague, Greg Hilty, "will find little comfort here. This is not a return to order but a breaking of bounds."

But what of those of us who treat painting as, well, painting? Let us take a work by the German, Imi Knoebel "... at first

hindrance, but her Amelia makes an undeniable impact.

Unlike some sopranos, she has the grace not to dwarf Dennis O'Neill's short but sturdy Gustavus. This is one of the tenor's more effective roles, although crude Italianate effects still lie alongside phrases that are shaped with genuine style. Paolo Conti was overpowered as Ankerström. His bright, youthful baritone has to stretch to its limit to reach the appropriate level of gravity. Both men sounded strained at the big moments, though for different reasons.

There was an Ulrica of some class from Jane Henschel, the fast vibrato an unusual feature, but not unappealing. Judith Howarth has all Oscar's solos under her belt, but never really makes them sparkle. The music Verdi gives her asks to dazzle with its brilliance, which Daniele Gatti made sure it did in the pit. The liveliness of his conducting would be welcome if it was not bought at the price of exaggerated speeds.



In strange company: 'The artist in her studio', 1993, by Paula Rego, a true painter

Opera in London

Revivals and rarities

Unfortunately, the generation of Italian conductors born baton in hand with an innate command of Verdian style seems to be dying out, as are Italian singers with voices on a grand opera scale. Today they eat pizza in Moscow, but Russian singers sing Verdi at La Scala. That is the free market in the late 20th-century.

Richard Fairman

For London opera-lovers, the Chelsea Opera Group does an indispensable service of a high order: it unearths, or dusts off, semi-forgotten pieces whose time may have come, or come again. It does that on best advice, with scrupulous preparation and a happy marriage of rising professional soloists with its own semi-pro orchestra and chorus. Sometimes its efforts inspire grander revivals; but the COG's thirty concert-performances are still dependably rewarding in their own right.

At the Queen Elizabeth Hall on Saturday we heard *The Nightingale*, by the 32-year-old Stravinsky, and the 34-year-old Bizet's *Djamileh*: not really a close match, though both are Eastern-exotic exercises. Stravinsky's music for his fairytale China drifts between Slav folk-fantasy and percussive barbarism in the vein of *Le Sacre* - which he had composed between starting and finishing this miniature opera. The one-act *Djamileh* is pure French opera.

The Nightingale hardly needs rediscovering, for every few years somebody puts it on with the rich costumes and balletic ritual that are part of its conception. Despite its switch of styles in midstream, which used to be thought a decisive fault, it has come to occupy - humbly - its own unique niche in the canon. The plain COG performance, in English, justified itself through Michael Lloyd's well-paced conducting. Eileen Hulse's lovely, fluid delivery of the Nightingale's coloratura

music, David Barrell's solid character as the Emperor and Philip Sheffield's coolly fervent Fisherman-narrator.

Sheffield came into his own in *Djamileh*, as the hedonistic young Caliph of Cairo who smokes, drinks and gambles as if there were no tomorrow, and expects a new slave-girl mistress every month. If there are young French tenors who can match Sheffield's well-arched, period-stylish legato, bright diction and disarmingly fresh timbre, I have not heard them. He promises to be an invaluable performer in this repertoire.

As *Djamileh* herself, the lovelorn, current slave-girl who longs to stay on indefinitely, Margaret McDonald was tremulous and chaste as only a British mezzo can be. Barrell gave us a ripe Splendiano, the Caliph's cynical accountant-cum-procurer. The whole romance floated charmingly, and wanted only some tacky "exotic" dancing to fill it out. If Bizet's score is lightweight, its chromatic inventions reach beyond anything in his earlier *Pearl Fishers* (currently at the ENO, and warmly recommended). Here *Djamileh* made a bracing listen, no less illuminating than engaging: another COG success.

David Murray

Dance

Stars shine at Nureyev gala night

Prouettes by the million. Stars by the score. Enough emotion to float a battle-cruiser. The great, the good, the generous, from ballet and theatre. An audience ready to rejoice, and in the process to help the charity CRUSAID. And the spirit of Rudolf Nureyev to unite us all. Thus Sunday night's gala, in which something of Nureyev's unique and uniquely potent presence was again to hold a packed theatre in thrall.

Derek Deane, to whom all praise, masterminded a show that sought - and successfully found - a way to say something about Nureyev's life and work. So such eminent figures as Vanessa Redgrave and Nigel Hawthorne, Alan Bates, John Schlesinger, Jayne Torvill, Stephen Fry; such dance colleagues as Sibley and Dowell, Lynn Seymour and David Wall, Dame Beryl Grey and Sir Peter Wright - among many others - spoke of him, and introduced, with miraculous brevity, dancers from around the world in works which reflected Nureyev's attainments or his tastes.

Any commentary on a gala inevitably reads like a laundry list. I simply note certain high-lights in an evening that went with exemplary smoothness, astonishing speed (ah, memories of those galas that seemed to take place during a gale slow by time itself), and enormous good humour. There was Irak Mukhamadov to frame Nureyev's career in the West: appearing first in an evocation of the Poeme tragique in which Nureyev raced into our lives, and closing the show with Liz Robertson in "Shall we dance" from *The King and I*, and making us want to see him in the entire thing.

The Paris Opera paid grand homage to its erstwhile director, with Elisabeth Pierrat impeccable in *La Bayadere*, partnered by the prodigious Nicolas Le Riche, making his London debut. Also from the Opera, Charles Jude, looking hauntingly like Nureyev, in a solo to Beethoven; Isabelle Guérin and Laurent Hilaire very dashing in *Sleeping Beauty*; and Elizabeth Maurin leading in triumph a group of young dancers who fizzed and whizzed, spun and spun again. They were angels all, with Johan Kobberg, Yat Seng Chang, Giuseppe Piccone flying in the face of gravity, and Agnes Oels and Thomas Schar in the balcony duet. His tremendous appearances in the *Corsaire* duet were remembered through Tetsuya Kumakawa and Miyako Yoshida on transcendental form.

There was more. And more. Stephen Fry confessed that he didn't think he could ever have been a dancer - describing his possible dance-self as looking like "a bin-liner filled with yoghurt". I must point out, encouraging as always, that this is the ideal physique sought by some post-modern troups. Alan Bates was a sensitive guide to the one heart-tearing moment of the evening - a collage of film clips showing Fonteyn and Nureyev. We all wiped the eye.

But it was, in essence, a celebration of Nureyev's work and art, and as audiences knew throughout the world during his career, we left the theatre exhilarated by him, and by his influence on dancing. The programme book for the evening was most handsome, and a worthy reminder of him. And for anyone wishing to help CRUSAID's work, in memory of Nureyev's contribution to their joy in the theatre, contributions please to CRUSAID at 1 Walcott Street, London SW1P 2NG.

Clement Crisp

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight: Ton Koopman conducts Amsterdam Baroque Orchestra and Choir in Bach's B minor Mass. Tomorrow, Thurs, Fri: Mariss Jansons conducts Royal Concertgebouw Orchestra in works by Strauss and Tchaikovsky, with cello soloist Heinrich Schiff. Fri (Kleine Zaal): Nikolai Demidenko piano recital. Sat afternoon: Edo de Waart conducts Radio Philharmonie Orchestra in Mahler's Seventh Symphony. Sat evening, Sun afternoon: Netherlands Chamber Orchestra plays Schubert, with violin soloist Ernst Kovacic. Sun evening: Alfred Brendel plays Beethoven piano sonatas. Mon: Amsterdam Tonkünstler Choir in Bach's Matthew Passion (24-hour information service 020-675 4411 ticket reservations 020-671 8345).

Muziektheater Tonight, Fri, next Mon, Thurs, Sat: Alberto Zedda conducts Dario Fo's production of *Il barbiere di Siviglia*, with cast headed by Vassily Gerello, Monica Bacelli and Hong-Shen Li. Sat, Sun:

opening performances of Dutch National Ballet's Balanchine programme, in repertory till April 9 (020-625 5455).

BASLE

Casino Tomorrow: Martin Tumevsky conducts Basle Symphony Orchestra in works by Haydn, Beethoven and Debussy, with piano soloist Christa Romer. Thurs: Kyung Wha Chung and Stephen Kovacevich plays violin sonatas by Bach, Mendelssohn and Ravel (061-272 1176).

BRUSSELS

Monnaie This month's production is Rossini's *Otello*, staged by Luca Ronconi and conducted by Gianluigi Gelmetti, with cast headed by Chris Merritt and Lella Cuberli. Next performances tomorrow and Sat (02-218 1211). Palais des Beaux Arts Tomorrow: Philippe Herreweghe conducts Collegium Vocale in Bach's Easter Oratorio. Thurs: Guido Johannes Rumsdadt conducts Belgian National Orchestra in works by Villa-Lobos, Walton and Stravinsky, with violin soloist Isabelle van Keulen. Fri: Pierre Bartholomé conducts Liege Philharmonic Orchestra in Dukas, Strauss, Falla and Sibelius, with piano soloist Brigitte Engerer (02-507 8200).

CHICAGO

CHICAGO SYMPHONY Tonight's Beethoven and Dvorak programme at Orchestra Hall is directed by Christoph Eschenbach. On Thurs, Fri afternoon, Sat and

next Tues, Riccardo Chailly conducts works by Schnittke, Mozart and Ravel, with piano soloist Maria Joao Pires. Christopher Hogwood conducts The Academy of Ancient Music on Fri evening (812-435 6666).

THEATRE

● The Night of the Iguana: Robert Falls directs Tennessee Williams' late play, with William Peterson as the debased minister drawn to a New England spinster, played by Cherry Jones. Till April 10 (Goodman 312-443 3800). ● The Mesmerist: Ara Watson's play, set in 1894 India, about the leader of a spiritual society who is investigated when her mystical powers are called into doubt. Till April 3 (Steppenwolf 312-335 1650). ● The Master and Margarita: this stage adaptation of Bulgakov's novel is a collaboration between Steppenwolf Theatre Company and Lookingglass Theatre, one of Chicago's best small ensembles. Just opened (Steppenwolf Studio 312-335 1650). ● The Importance of Being Earnest: Oscar Wilde's classic comedy directed by Nicholas Ruddell. Till April 3 (Court 312-733 4472).

GENEVA

Grand Théâtre Tonight: Roderick Brydon conducts premiere of Francesca Zambello's new production of Billy Budd, with cast headed by Robert Tear, Rodney Gilby and Willard White. Repeated March 18, 21, 23, 26, 29 (022-311 2311). Victoria Hall Tomorrow: Diego

Masson conducts Suisse Romande Orchestra in works by Mozart and Berlioz, with violin soloist Josef Suk (022-311 2511). Sun: Wolfgang Sawallisch conducts Vienna Symphony Orchestra in symphonies by Haydn and Bruckner (022-310 6611).

VIENNA

Staatsoper The main event this week is a revival of Der Rosenkavalier on Fri conducted by Carlos Kleiber, with cast headed by Felicity Lott, Anne Sofie von Otter, Barbara Bonney and Kurt Mol (repeated next Mon and Wed). Repertory also includes *Il trovatore*, *Manon Lescaut* and *Andrea Chénier* (51444 2955). Volksoper Tonight: Bizet's *Pearl Fishers*. Tomorrow and Fri: Lady Macbeth of Mtsensk conducted by Donald Runnicles. Thurs: *La nozze di Figaro*. Sat: Die Fledermaus. Sun: Don Giovanni. Next Mon: Lohrer's Gluditta (51444 2959).

CONCERTS

Musikverein Tonight: Prichas Stainberg conducts Austrian Radio Symphony Orchestra in works by Lalo, Berlioz and Prokofiev, with mezzo soloist Vessellina Kasarova. Tonight, Thurs (Brahms Saal): Dmitri Hvorostovsky song recital. Sat and Sun: Franz Welser-Möst conducts London Philharmonic in Haydn, Schumann and Shostakovich, with piano soloist Mitsuko Uchida. Sun afternoon, next Mon evening: Yefim Bronfman is piano soloist with Tonkünstler Orchestra. March 24: Frederica von Stade song recital. March 26, 27: Harmoncourt conducts

Matthew Passion (505 8190). Konzerthaus Tonight: Michael Gielen conducts Ensemble Modern in works by Varese, Webern, Cech and Spinner. Tomorrow: William Christie conducts Les Arts Florissants in concert performance of Johann Adolf Hassse's three-act opera *Cleofide*. Tomorrow, Thurs, Sat, Sun (Mozart Saal): Tokyo Quartet. Next Tues: Cheryl Studer song recital (712 1211). THEATRE A new production of John Osborne's *The Entertainer* opens at Theater in der Josefstadt on Thurs (402 5127). Claus Peymann's new Burgtheater production of Ibsen's *Peer Gynt* can be seen on Sat and Sun (51444 2859). Repertory at Akademietheater includes David Mamet's *Oleanna*, Gorki's *Children of the Sun* and Pirandello's *Six Persons in Search of an Author* (51444 2959).

WASHINGTON

OPERA/CONCERTS ● Washington Opera's season ends this week with performances of *Un ballo in maschera* and *Madama Butterfly* (202-416 7800). ● Semyon Bychkov conducts Orchestre de Paris in symphonies by Berlioz and Beethoven tomorrow at Kennedy Center Concert Hall. On Thurs, Fri, Sat and next Tues, Otto Warner-Mueller conducts National Symphony Orchestra in works by Schubert, Rodrigo and Haydn, with guitar soloist Christopher Parkening. Leonard Slatkin conducts Saint Louis Symphony in the Mazetti version of Mahler's Tenth on Sun afternoon (202-467 4600).

● Johnny Mathis sings Ellington on Thurs, Fri, Sat and Sun afternoon at Baltimore's Joseph Meyerhoff Symphony Hall (410-783 8000). THEATRE ● The Sisters Rosensweig: Wendy Wasserstein's Broadway hit about the reunion in London of three American Jewish sisters. Till April 10 at Eisenhower Theater (202-467 4600). ● Peace and Quiet: a new play, written and directed by Kristan Kann, about a dysfunctional family. Opens on Fri at Gunston Arts Center (703-519 9123). ● Abundance: Beth Henly's comedy about two mail-order brides in the Wild West. Opens tonight at Signature Theater (703-820 8771).

ZURICH

Opernhaus Tomorrow: Glazunov's ballet *Raymonda*, choreographed by Bernd Blenert. Thurs: Die Zauberflöte. Fri, Sun afternoon: Salome. Sat: Rafael Frickbeck de Burgos conducts first night of Ruth Berghaus' new production of *Otello*, with Frederic Kelt and Daniela Dessi. Sun evening: ballet mixed bill. Mon: Margaret Price song recital (01-262 0905). Tonhalle Tomorrow, Fri: Yehudi Menuhin conducts Tonhalle Orchestra in works by Gounod, Bartok, Lutoslawski and Mozart, with cello soloist Leonid Sokolov. Thurs: Edmond de Smet conducts Zurich Chamber Orchestra in Haydn, Franck, Strauss and Ibert, with piano soloist Michel Béroff. Next Mon: Wolfgang Sawallisch conducts Vienna Symphony Orchestra in Haydn, Apostel and Schumann (01-261 1600).

ARTS GUIDE

Monday: Berlin, New York and Paris. Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington. Wednesday: France, Germany, Scandinavia. Thursday: Italy, Spain, Athens, London, Prague. Friday: Exhibitions Guide. European Cable and Satellite Business TV (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: FT Business Today 1330. FT Business Tonight 1730, 2230.

MONDAY NBC/Super Channel: FT Reports 1230.

TUESDAY Euronews: FT Reports 0745, 1815, 1945, 2345.

WEDNESDAY NBC/Super Channel: FT Reports 1230.

FRIDAY NBC/Super Channel: FT Reports 1230. Sky News: FT Reports 0230, 2030.

SUNDAY NBC/Super Channel: FT Reports 2230. Sky News: FT Reports 0430, 1730.

When Mr Yukio Higuchi started Kawa-chiya, Japan's first discount liquor store, 30 years ago, he had a hard time finding off-gangsters sent by competitors to loiter around his warehouse. Discounting was virtually unheard of and shoppers were sceptical about the quality of his beers and whiskies, drastically cheaper than in other retail outlets.

Today, however, his business in the east end of Tokyo is buoyant. Annual sales have more than doubled over the past three years to ¥15bn (£95.5m), and it is not the things he has trouble keeping out from his stores anymore, but the swarm of shoppers attracted by the cheap prices.

Kawa-chiya is just one example of the many Japanese discount retailers now experiencing a surge in sales. Hit by the sharp downturn of the economy and subsequent declines in overtime and annual bonus payments, consumers have curbed spending and are looking for bargains.

The shift in consumption patterns has begun to alter the archaic landscape of Japan's retail industry. Until now, Japan's traditional small corner shops and upmarket department stores have, unlike their western counterparts, seen only limited competition from supermarkets and specialist discounters.

The start of a shake-out is evident in the sharp rise in earnings of discount retailers such as Aoyama, the men's suit retailer, which have used their bulk purchasing power to cut prices and threaten manufacturers' dominance. Taxable profits at the top five discounters last year were 94 per cent higher than in 1990 (see chart).

Success has been at the expense of Japan's upmarket but sleepy department stores, where sales fell an average of 2.5 per cent in January from the previous year, the 30th consecutive monthly decline. Mitsuoka expects to report losses for the year to the end of February, the second year in a row.

Apart from Japan's recession, several domestic and foreign factors account for the rise of discount retailing: first, pressure from the US to cut Japan's \$8.26bn trade surplus has led to the deregulation of Japan's multilayered distribution and retailing system.

In 1990 the Japanese government responded to US complaints by curbing the "anti-competitive practices" employed by manufacturers to

Cheap and cheerful

Emiko Terazono on changing patterns of Japanese retailing

Japanese retailing: competition grows



Source: Baring Securities

maintain retail prices at artificially high levels.

In the past manufacturers would threaten to stop deliveries if a retailer failed to apply the "suggested retail price" set by the manufacturer. Not surprisingly, the habit had proved intractable because the pre-set retail price traditionally included profit margins for the four to five wholesalers along the distribution line, all of which lost out when prices fell.

The reforms of three years ago gave more power to the Fair Trade Commission, the country's previously toothless anti-monopoly watchdog, to clamp down on overpricing.

The commission forced leading Japanese beer companies, including Kirin Brewery and Asahi Breweries, to place advertisements in newspapers announcing that retailers and wholesalers were allowed to set their own prices. Last year, the commission told the sales subsidiaries of leading consumer electronics companies, including Matsushita and Sony, to allow retailers to discount their products without fear of losing supply contracts.

American pressure for access

to Japanese consumer markets can also take much of the credit for liberalising the laws which protect small retailers from new high street competitors. As a result, retailers can now open stores with floor space of up to 1,000 square metres without the approval of the Ministry of International Trade and Industry. Existing small shopkeepers, often operating in premises of less than 100 square metres, tried unsuccessfully to resist this change.

Second, the first foreign retailers to set up in Japan since the retailing law was reformed in 1990, are breaking the links between the manufacturers and the high street. In 1991, Toys 'R' Us, the US discount toy store chain, became the first retailer to skip over the intricate web of wholesalers to deal directly with one of its suppliers, Nintendo, the video game maker. Toys 'R' Us undercut Japanese toy prices by leaving out the middle man. This approach has gone down so well with customers that its Japanese turnover per store is \$15m to \$20m a year, double

the sales per store in the US. More foreign retailers can be expected to follow this example if only because the number of wholesalers is expected to decline sharply through bankruptcies and mergers. Britain's Marks & Spencer, for example, and The Gap, the US-based clothing chain - long accustomed to dealing directly with their suppliers in their own markets - are expressing interest in Japan.

Third, the expansion of national supermarket chains with greater bulk purchasing power has led to price cuts of imported clothing and foods. Some supermarkets have seized on this advantage, magnified by the strength of the yen, to promote their own discount brands. For example, Daiso, the country's largest chain, has launched a private label orange juice imported from Brazil at half the price of national brands. Now its own label product accounts for 80 per cent of Daiso's total orange juice sales.

The company has been a pioneer of the profound changes affecting Japan's conservative high streets. Mr Dean Perry, who studies the retail market for Lehman Brothers, the broker, in Tokyo, says "Walmart wannabes" will continue to take market share from "mom and pop" corner stores and department stores. These are price-efficient discount chains modelling themselves after Walmart, the largest discount chain in the US.

Mr Paul Heaton, retailing expert at Baring Securities in Tokyo, agrees that the outlook for department stores is poor, but notes that their malaise may not be terminal because they are flush with cash from many years of overpricing.

Isetan, a leading department store, reckons that one way to attract consumers is to specialise. So it has formed a joint venture with Barney's, the upmarket fashion store in New York, to open a Tokyo shop for high-fashion customers.

Most observers believe that Japanese retailing will follow a pattern similar to that in the US in the 1980s, when the advance of supermarkets and discount stores forced independent retailers to specialise, become more efficient or go out of business. With structural changes in place and consumers more aware of value than in the past, it is difficult to see how the cozy, cartel-like links between manufacturers, distributors and retailers can be reformed even when the country emerges from its present slowdown.



Nobody, not even the most sceptical of us, should rejoice at US President Bill Clinton's self-inflicted discomfiture. The spectacle of his proud wife, Hillary, being obliged to justify herself in magazine interviews may satisfy some, but it is not good news. When the White House is in trouble, everyone is.

This proposition, which has informed western policy for the past 50 years, remains true in spite of the end of the cold war and the subsequent inability of President George Bush to establish a new world order. In President Clinton, we have a reluctant internationalist, but our ultimate dependence on the Americans remains the same. The US is no longer willing to intervene in every country that falls victim to invasion or civil war, but it is the only superpower we have. When its chief executive is distracted, it affects every national interest.

You cannot get around this by saying that only the domestic programme now before Congress will be affected by the debilitating atmosphere of suspicion that has suddenly descended on the presidency. Mr Warren Christopher may fly to China and Russia in an effort to produce a coherent foreign policy, but that does not constitute evidence that the secretary of state's agenda has the full attention of the White House. President Clinton's healthcare and welfare bills are under greater immediate threat from Congress than his inchoate foreign relations, but that does not alter the case. A US president who is weak at home cannot be strong abroad. If he fails to get health-care through, Congress will be that much more difficult to persuade when he tries to send US troops to keep an

agreed peace in Bosnia.

To the question, "is the US government on hold?" I was given a simple one-word answer by White House officials last week. "Yes." The sudden explosion of media interest in the Whitewater affair has left Mr Clinton frustrated. Granted, he is not standing still. He is out and about, offering a new initiative every day. A few days ago he was in New York talking about crime. Yesterday he was in Detroit, addressing the Group of Seven meeting on employment. He spoke with his customary mastery of his subject. This is an intelligent president, who is also a consummate practitioner of the political arts. He is, you feel while in the US, permanently on TV. The trouble is that, whenever he appears, he is asked about Whitewater.

Last week Georgia's President Eduard Shevardnadze had to stand silently by Mr Clinton's side, squirming, while a press conference called to mark his visit was turned into a Whitewater inquisition. When the US president is with his staff at 1600 Pennsylvania Avenue, his quicksilver mind is similarly diverted. He must pay attention to this or that strategy meeting on how to get out of the mess. He has no overall chief of staff, no top-down command structure.

The Clinton White House is composed of loosely interlocking taskforces, ad hoc seminars, groups and committees. "That's why I don't believe the wild accusations about bumping off Vince Foster," one close observer said, speaking of the Clinton associate who committed suicide. "This lot would

Joe Rogaly

Clinton's best chance

still be debating how to do it, in a seminar."

New presidents often get into difficulties in their first year or so. In 1980-81, President Ronald Reagan's officials were similarly disorganised. On being told that messages from his staff conflicted with one another, Mr Reagan remarked with his actor's rueful smile that "in this White House, the right hand sometimes doesn't know what the extreme right hand is doing."

Mr Clinton is not yet ready to joke his way into happier times. The origin of the Whitewater affair was a land deal in Arkansas some 15 years ago. Few White House officials at any level doubt that some evasions of the civil law occurred. Perhaps tax was tardily paid, or the influence of the then governor Clinton was improperly used to protect his friends or his wife Hillary, a partner in the state's most powerful law firm. As to the subsequent clumsy attempts to conceal the details, everyone at the White House agrees that this was a "mistake". Some even beg you to hear their confessions. So far, so unheroic. The trouble comes with the next layer of speculation. Nobody I met will confidently affirm that Alabama-style petty corruption and an attempt to hide it is the limit of the matter, that the many harsher allegations, some involving criminal behaviour, will all prove to be false. No one is, or can be, certain.

The consensus among experienced damage control advisers is that the best policy is to get the whole story, every embarrassing detail of it, out as quickly as possible. Let

Damage control advisers say the best policy is to get the whole story, every embarrassing detail of it, out as soon as possible

nothing be concealed. It is not clear that this has yet been done, not even now, after all that has happened. Mr Clinton answers questions whenever he meets reporters, but at the weekend he was tetchy when one session touched on his tax statements. Mrs Clinton has broken her silence by giving interviews, but it remains to be seen whether a decision to put her on TV with her husband, taken in the White House last Friday, is implemented.

The administration has co-operated with the special prosecutor, Mr Robert Fiske. It has sent him the documents he has asked for. The staff he has summoned to appear before a grand jury have turned up, personal lawyers at their sides. Against that, Democrats in Congress are resisting the idea of committee hearings while Mr Fiske proceeds. This is technically sound, but it looks odd from the very Democrats who harassed Mr Clinton's Republican predecessors with hearing after hearing.

Yet Mr Clinton may not be permanently lamed by what has happened. He appears to be taking the advice of greayer heads than the team of inspired twentysomethings he brought in from his campaign. He could survive a quick and not too damning report by Mr Fiske and the sacrifice of a few minor officials. Mr Bernard Nussbaum and Mr Webster Hubbell being the first. The Republicans may conclude that being totally obstructive in Congress would rebound on them. Mrs Clinton could absorb most of the opprobrium. Mr Clinton could stop trying to do too much at once, and succeed in what he focuses upon.

That is the best-case scenario I was offered last week. It might come true, absent further damaging disclosures. Keep your fingers crossed.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Wrong tune for the unskilled

From Mr G M Simon.
Sir, Professor Adrian Wood (Personal View, March 10) proposes stimulating the employment of unskilled workers by increasing the cost of employing skilled workers.

As the oldest piano maker in the world, we very much agree that this imaginative idea is adopted in mainland Europe, where the professor believes that there will be applause for his suggestion. The Wood plan should be of great benefit to our export trade since it would put up European costs and prices and thus be disastrous for our local competitors.

However, given the risk that the Wood plan would simply add to the level of unemployment in Europe by the collapse of the businesses which employ the expensive skilled workers, perhaps that would not be to our benefit. With growing unemployment, maybe the Europeans would not be able to afford our pianos after all. I suggest that the professor is encouraged to study the problem of unskilled employment again and to ask himself whether a better answer is to increase the demand for skilled workers and thus provide an incentive for the unskilled to be trained. Or is that too American for him to tolerate?
G M Simon,
John Broadwood & Sons,
45a High Street,
Stony Stratford,
Milton Keynes MK11 1AA

Possibly

From Mr Ken Mackenzie.
Sir, With reference to the Franglais row, perhaps it is relevant to note that the French for "No" is "En principe, oui".
Ken Mackenzie,
66 rue de Lévis,
75011 Paris

Right jobs for the right people

From Mr Richard Thomas.
Sir, Michael Prowse ("A misguided focus on job creation", March 14) says that "inequality is simply the price we pay for a general level of prosperity unimaginable under any other economic system". I agree - though I would argue about the levels of inequality he regards as necessary.

What I cannot agree with is his use of the word "we". Michael Prowse is not paying the price of inequality, except perhaps in higher insurance premiums for his car. This is not a rant against Mr Prowse, whose ear is usually pretty close to the ground: who exactly pays the "price" he describes is - or should be - central to discussions on employment. The debates in Detroit this

week about the apparent trade-off between more jobs and better jobs, the concerns of the Europeans and Americans respectively, have missed at least half the point: who gets the jobs. If it is the same individuals and families who suffer from market-generated inequalities, the result is US-style ghettoisation, crime, fear and waste. Spreading the pain around is as important as pain reduction.

An example of this crucial distributional issue in the UK is the growing gap between "work-rich" (two-earner) and "work-poor" (no earner) families. The jobs which have been created have been taken at the top by men, who work the longest hours in Europe, and at the bottom by their over-quali-

fied wives who want to combine part-time paid work with looking after their children. This trend is caused by the inflexibility of our welfare system and the insistence of men to work such long hours (a million extra jobs could have been created in the 1980s if working hours had continued declining).

Of course job creation is vital. But equally important is the efficient and equitable functioning of labour markets. Governments can and should play an important part in making this, the most important of all markets, work better. Richard Thomas,
Institute for Public Policy Research,
30/32 Southampton Street,
London WC2E 7RA

Clearing up an esoteric banking point

From Mr John Apperley.
Sir, Ms Isabel Ashman (Letters, March 10), like many others, may have been confused by the, at times esoteric, debate on the clearing cycle. There are two elements which have been confused: first, "the amount of time it takes before (a bank) pays interest on a cheque" ("Lloyds gives way on cheque clearing", March 4) and, second, the amount of

time before a customer can use the funds.
Your article was correct in saying that Lloyds, Midland and NatWest will pay interest two working days after the deposit of a cheque, which has long been Barclays' practice. However, as cheques can still bounce after that time, it takes longer until customers can use the money.
There are still variations

between the banks, but the length of time cited by Mrs Ashman sounds correct for the circumstances at Barclays. The bank is introducing new technology this year which will reduce the clearing time for similar deposits.
John Apperley,
head of customer service,
Barclays Bank,
1 Royal Mint Court,
London EC2N 4HB

In step with most intense competition

From W N S Calvert.
Sir, You comment in your leading article on Europe's competitiveness ("How Europe can compete", March 9) that the poorest performance among European industries is in those most exposed to international competition. This is the reverse of the truth in the case of Europe's footwear industry. Unlike textiles, it has had no protection and yet has stood up to formidable low-cost competition far

better than its US and Japanese equivalents. This is despite a severe handicap in exporting in that most third countries, including those with the most competitive industries, do not themselves accept imports. As a result EU footwear production has inevitably fallen. However, a recent study carried out by Brussels showed that, given world-wide free trade, this fall would actually be reversed.
The industry has stood up

well because it produces the world's best shoes, and because it has adapted skillfully to its ruinous trade environment. But it will only thrive if Brussels becomes much more determined than hitherto to win for it a level playing field in international trade.
W N S Calvert,
director general,
British Footwear Manufacturers Federation,
72 Dean Street,
London W1V 5HB

Tougher entrance qualifications would reduce student numbers

From Rev Dr George Worthington.

Sir, Your editorial "Open universities" (March 4) confronts the problem of limited government funds for universities and the likely denial of places to students wanting them. Your solution is to make students repay, in the future out of their enhanced earnings, some of their tuition fees.

If you actually worked in a university, particularly one of the "new ones" (ex-polytechnics etc), you might well see the problem rather differently. Seen from inside, the central fact is that in recent years there has been great pressure

from the government (mediated through vice-chancellors, deans and so on, all on performance-related pay) to increase student numbers. This has been achieved, first, by recruiting anyone who could be found with remotely plausible qualifications (a couple of E grades at A level, for example), and second, by retaining those students whom one has got, almost regardless of performance. The latter aim is achieved, among other methods, by partially replacing exams with a mandatory minimum of "continuous assessment", that is project work done in the students' own time

but all too often not by their own unaided effort.

Added to all this is a Department of Education-inspired culture which regards all failures by students to complete their courses as "wastage" which reflects badly on the university concerned. The result is a recipe for the production of great numbers of poorly qualified graduates who may well never achieve the higher incomes from which they will supposedly repay their fees.

If numbers are now to be limited, the best way to do it, both for the sake of equity and for the restoration of the quality of higher education, is to

toughen entrance qualifications. This should be to the point where getting into university is once again seen by a young person's family and friends, as it used to be, as a significant achievement rather than just a way of keeping away from the dole queue. Exams should also be toughened within the universities to the point where graduation is again seen by employers as evidence of that young person's ability to work effectively, to reason accurately, and to write grammatically. English. George Worthington,
8 Abchurch Lane,
St Albans, Herts

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FINANCIAL TIMES

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Tuesday March 15 1994

A good deal for Poland

Poland's agreement with the London Club for the reduction of its \$13.2bn commercial bank debt is a good deal for the country. It opens the door for a resumption of lending to Poland on normal commercial terms, after a lengthy hiatus. Above all, it sends a signal to private investors that investment in Poland is a normal risk.

The outline terms agreed in Frankfurt last week still have to be fleshed out by months of detailed research into the exact amounts of debt and accrued interest owed to each of the 400 or so banks involved. Warsaw also still has to make known the amount and terms of its debt buy-back. But the agreement indicates that the banks are to a write down between 42.5 and 45 per cent of the net present value of the debt. This is more generous than the secondary market has been expecting. The price of Polish debt accordingly fell after the deal was announced.

Neither side obtained exactly what it wanted. The Polish team had been seeking a 50 per cent reduction, similar to that obtained from the Paris Club of official creditors on \$33bn of government-backed loans three years ago. But the banks refused to be bound by the Paris Club agreement, which obliged the Polish government to seek comparable terms from the banks. While aware of the tight IMF-approved budgetary constraints on the Polish government, the banks argued that their shareholders could not be treated in the same way as governments, which agreed to a 50 per cent write off as a political gesture of recognition for Poland's role in the downfall of communism and support for its pioneering market reforms.

Three years down the road, those reforms have started to pay off. Last year Poland, with 4 per cent growth, boasted the most dynamic economy in recession-struck Europe. This year growth is expected to accelerate to 5 per cent, albeit against the background of inflation at 36 per cent last year, a 15 per cent unemployment rate and a \$2.3bn trade deficit.

Foreign investment is needed if such growth is to be sustained. The way that Polish companies, constrained by reluctant banks and expensive loans, have managed to find their own expansion out of retained profits has been impressive. The explosive growth in Polish share prices is another indication that Poland's ability to finance growth out of its domestic savings may be higher than could have been imagined one year ago. But even this will not be enough.

Access to international capital markets on normal commercial terms is essential if Poland is to fund the heavy infrastructure investment needed to modernise road, rail and telecommunication links, restructure the energy sector, and reduce pollution. Improved infrastructure is required if the current recovery is to be turned into sustained rapid growth. The London Club agreement will facilitate such access to foreign capital.

Above all, however, the Frankfurt agreement will encourage equity investment. This is the kind of investment most needed by all post-communist countries, because it brings technological know-how, managerial skills, new market-oriented products and access to world markets. Until now Hungary, with a higher debt burden per head than Poland but an impeccable repayment record, and the Czech Republic have received the lion's share of inward direct investment. Now Poland, with its market of 39m people and strategic position, is poised to compete more effectively for such funds.

This is one of the most important prizes Poland has earned for persevering with its painful, market-oriented reforms. Both Poland and the London Club have sent a clear and powerful message to countries like Russia and Ukraine, whose faith in market reforms, never strong, is faltering. If you stay the course, there is hope. If you waiver, the pain can only get worse.

Standards in British public life have declined in the last century or two. Or have they? The armed forces at least seem to have improved, either in military prowess or in private morality, or both. Or maybe it is just that Britain is now safer than it was during the Napoleonic wars, and so can be choosier about its military leaders.

In those days the nation was reduced to entrusting its fortunes to notorious adulterers. The Duke of Wellington, it will be remembered, was unworried by Miss Harriette Wilson's threat to publish her autobiography, and with good reason.

He knew that Lord Nelson had been allowed to retain his command, in spite of his public and prolonged dalliance with the wife of a senior diplomat. Both noblemen got away with what the admirable Lady Buck - whose public spirit last week triumphed over mere sentimental loyalty - would no doubt have called "the most immense security risk".

Thank goodness times have changed. There are now whole platoons of generals, admirals and air marshals qualified by moral character, as well as military genius, to fill the post of chief of defence staff. So no sooner had Lady Buck revealed Sir Peter Harting's (and her own) shortcomings on the former point than he resigned from that post. His "professionalism, energy and skill", though acknowledged by the defence secretary, were found expendable.

How Sir Peter must have wished that the Duke of Wellington's riposte to Miss Wilson - "publish and be damned" - were available to him. But then the Duke of Wellington had not recently launched a code of conduct requiring "better standards of personal behaviour" from officers and men.

Perhaps marriage today is taken more seriously than in Wellington's time, although (or even because) it is more easily dissolved. And no doubt integrity is a virtue to be prized in the armed forces even more than elsewhere. But are we really so virtuous that adultery has become a disqualification for military command?

The British way of receivership, administration and liquidation is, by comparison with, say, the German approach, a rough old business. But the Department of Trade and Industry has recently been doing its best to foster a more constructive climate for insolvency practitioners in Britain. The Appeal Court ruling in the Paramount Airways case clearly created uncertainty about the personal liability of insolvency practitioners in relation to employees' contracts and thus threatened jobs. Against that background Mr Hesselstine's decision to amend the 1986 Insolvency Act is a commendable step down the road towards a rescue culture.

To anyone but a lawyer the grounds for the Appeal Court's decision looked pedantic. Until now, receivers and administrators have followed earlier case law to avoid liability under the act for all contracts that they adopt after their appointment. This has involved writing to employees within a 14-day period to disclaim liability for employment contracts. Lord Justice Dillon decided that this was purely cosmetic, and that where administrators and receivers continued to employ staff and pay them in accordance with their previous contracts, they would be deemed to have adopted those contracts.

The worry was that insolvency practitioners would feel unable to take on the increased risk of keeping the company afloat with a view to sale as a going concern and conclude instead that liquidation was the only solution. Banks might also have been encouraged to assess creditworthiness more on the basis of asset values, because greater resort to liquidation would destroy goodwill while leaving assets intact. Since the reformed legislation will not appear on the statute for some time - though it will apply with effect from midnight last night - it remains to be seen how Mr Hesselstine has dealt with the potential claims against receivers and administrators stretching back to the implementation of the 1986 Act. But there is no question that the insolvency practitioners' lobbying has scored a victory.

This was not, however, the only area of insolvency in which current practice involves a threat to jobs. One score on which the accountants have not been lobbying relates to the potential conflict of interest where they advise banks on the viability of client companies and then accept the resulting receivership or administration. The abuse of this conflict can never be susceptible of proof. But sufficient suspicion has been aroused over the past recession to suggest that this should be another priority for the DTI.

The irony in the present legislative revision is that it attacks the enhanced status of employees in an insolvency via a vis other creditors - the de facto position, if not the legal one, in the much trumpeted German approach to corporate rescue. There are rescue cultures and rescue cultures, it seems.

ment rate and a \$2.3bn trade deficit.

Foreign investment is needed if such growth is to be sustained. The way that Polish companies, constrained by reluctant banks and expensive loans, have managed to find their own expansion out of retained profits has been impressive. The explosive growth in Polish share prices is another indication that Poland's ability to finance growth out of its domestic savings may be higher than could have been imagined one year ago. But even this will not be enough.

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In those days the nation was reduced to entrusting its fortunes to notorious adulterers. The Duke of Wellington, it will be remembered, was unworried by Miss Harriette Wilson's threat to publish her autobiography, and with good reason.

He knew that Lord Nelson had been allowed to retain his command, in spite of his public and prolonged dalliance with the wife of a senior diplomat. Both noblemen got away with what the admirable Lady Buck - whose public spirit last week triumphed over mere sentimental loyalty - would no doubt have called "the most immense security risk".

Thank goodness times have changed. There are now whole platoons of generals, admirals and air marshals qualified by moral character, as well as military genius, to fill the post of chief of defence staff. So no sooner had Lady Buck revealed Sir Peter Harting's (and her own) shortcomings on the former point than he resigned from that post. His "professionalism, energy and skill", though acknowledged by the defence secretary, were found expendable.

How Sir Peter must have wished that the Duke of Wellington's riposte to Miss Wilson - "publish and be damned" - were available to him. But then the Duke of Wellington had not recently launched a code of conduct requiring "better standards of personal behaviour" from officers and men.

Perhaps marriage today is taken more seriously than in Wellington's time, although (or even because) it is more easily dissolved. And no doubt integrity is a virtue to be prized in the armed forces even more than elsewhere. But are we really so virtuous that adultery has become a disqualification for military command?

The British way of receivership, administration and liquidation is, by comparison with, say, the German approach, a rough old business. But the Department of Trade and Industry has recently been doing its best to foster a more constructive climate for insolvency practitioners in Britain. The Appeal Court ruling in the Paramount Airways case clearly created uncertainty about the personal liability of insolvency practitioners in relation to employees' contracts and thus threatened jobs. Against that background Mr Hesselstine's decision to amend the 1986 Insolvency Act is a commendable step down the road towards a rescue culture.

To anyone but a lawyer the grounds for the Appeal Court's decision looked pedantic. Until now, receivers and administrators have followed earlier case law to avoid liability under the act for all contracts that they adopt after their appointment. This has involved writing to employees within a 14-day period to disclaim liability for employment contracts. Lord Justice Dillon decided that this was purely cosmetic, and that where administrators and receivers continued to employ staff and pay them in accordance with their previous contracts, they would be deemed to have adopted those contracts.

The worry was that insolvency practitioners would feel unable to take on the increased risk of keeping the company afloat with a view to sale as a going concern and conclude instead that liquidation was the only solution. Banks might also have been encouraged to assess creditworthiness more on the basis of asset values, because greater resort to liquidation would destroy goodwill while leaving assets intact. Since the reformed legislation will not appear on the statute for some time - though it will apply with effect from midnight last night - it remains to be seen how Mr Hesselstine has dealt with the potential claims against receivers and administrators stretching back to the implementation of the 1986 Act. But there is no question that the insolvency practitioners' lobbying has scored a victory.

This was not, however, the only area of insolvency in which current practice involves a threat to jobs. One score on which the accountants have not been lobbying relates to the potential conflict of interest where they advise banks on the viability of client companies and then accept the resulting receivership or administration. The abuse of this conflict can never be susceptible of proof. But sufficient suspicion has been aroused over the past recession to suggest that this should be another priority for the DTI.

The irony in the present legislative revision is that it attacks the enhanced status of employees in an insolvency via a vis other creditors - the de facto position, if not the legal one, in the much trumpeted German approach to corporate rescue. There are rescue cultures and rescue cultures, it seems.

The UK labour market is behaving with all the unpredictability of the weather at Wimbledon. As the economy came out of recession, unemployment began falling earlier than most experts had expected. It stopped falling last summer, continued falling in the autumn, and then stopped again in January.

At the core of most explanations for this erratic behaviour is the notion that the labour market has experienced a significant change in flexibility. The government says that its policies of promoting flexibility - by, for instance, reducing the power of trade unions - are responsible for the earlier than expected fall in the jobless total. That is the success story Mr Kenneth Clarke, the chancellor, was parading at the two-day Detroit job summit yesterday.

Similarly, businessmen (see below) agree that increased flexibility explains the unexpected fall in unemployment, though they claim the credit for themselves. But critics say that far from being a straight-forward positive development, flexibility has merely allowed full-time jobs to be repackaged as part-time ones, creating an illusion of more work in the economy. Some go further, adding that whatever the advantages of flexibility to individual employers, it has the big disadvantage of increasing employee insecurity, damaging consumer confidence in a fragile economy.

Amid the conflicting explanations, there is one certainty: unemployment has been falling. Even using International Labour Organisation figures (which are based on survey evidence and are judged a better indicator than the government's unemployment benefit claimant statistics), the jobless total fell by nearly 100,000 between winter 1992 and winter 1993. Most City analysts expect that trend to continue when the government tomorrow publishes its seasonally-adjusted total for February.

The main reason for falling unemployment since 1989, with only a slight upward blip in the late 1980s, is the flow of people coming on to the jobs market. Companies have been sacking fewer people and the number of young people coming on to the market is lower than in the early 1980s, thanks to demographic changes and more pupils staying on at school after reaching 16.

More debatable is whether many jobs are being created. This does not seem to be the case in manufacturing, where employment has been falling since 1988, with only a slight upward blip in the late 1980s. In the economy as a whole, there was a small increase of 67,000 in the number of employees in work between January and September 1993, from 21.18m to 21.25m, according to the Labour Force Survey, published by the Department of Employment.

But over the same period the number of full-time jobs fell by 40,000 and part-time jobs increased by more than 100,000. Thus, when the figures are calculated in terms of "full-time equivalent" jobs, the increase is negligible. Further supporting the conclusion that work is

The government likes to claim that the UK labour market adjusts virtually simultaneously to changes in demand. Employers appear to agree - but they give scarcely any credit to the government for bringing about this state of affairs.

The flexibility of the jobs market, they say, has little to do with reforms to labour legislation, and more to do with global competition, the recent recession and changing attitudes towards work.

"A shift in the perception of work, together with a shortage of work and the fact that businesses are open for much longer hours have combined to make the market very definitely more flexible than it was 10 years ago," says Mr Keith Cameron, group personnel director at the Burton Group, the retail group.

A reorganisation at Burton a year ago resulted in the shedding of 2,000 full-time jobs and their replacement with about 3,000

part-time positions. "We spread the available work across more people," says Mr Cameron. The move has also allowed Burton to respond more efficiently to busy and slow periods in its clothing stores, he maintains.

Other employers say a change in union attitudes helps explain different work patterns. Describing the flexible approach to hours now adopted by Courtaulds Clothing, the clothing division of Courtaulds Textiles, Mr David Hunt, personnel executive, says: "The trade unions would not have talked to us about such changes some years ago, because they were banned by union policy and conference mandates. Now they understand that, if there is going to be a recovery in the

industry, which is much smaller than it was, they need to be well aware of what it takes to satisfy the customer."

His view is shared by Mr Geoff Armstrong, director-general of the Institute of Personnel Management. "Government reforms were not the primary driver behind all the changes in working practices," he says. "These were things that would have happened anyway. More and more managers and employees have had to find innovative ways of working in order to compete, and many trade unions have been supportive of the process."

Some employers are more cynical, believing that the high number of unemployed people, unable to

find full-time work, means that employers can save money by hiring part-time staff.

"I don't think there are massive structural differences between now and 10 years ago," says Mr Paul Dowling, head of corporate affairs at Asda, the supermarket chain, which employs many part-time workers. "The labour market just waxes and wanes with recession."

Mr Ian Handford, national policy chairman of the Federation of Small Business, agrees: "The thing that makes life easiest for employers now is simply the number of full-timers looking for jobs, part-time or otherwise."

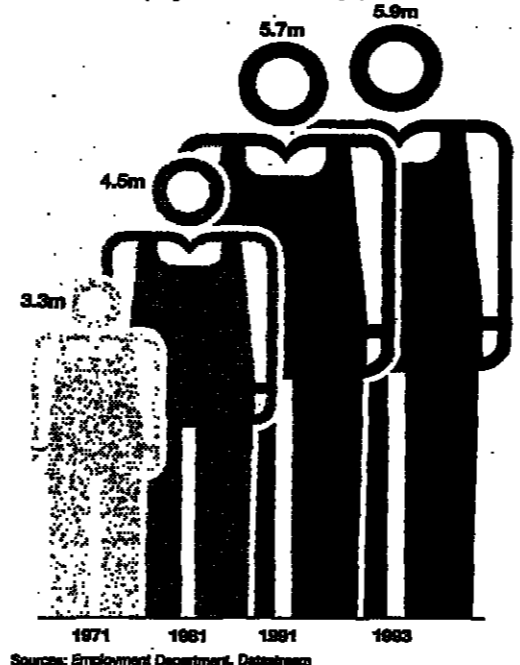
As far as he is concerned, the government continues to hinder the efficient functioning of the labour

In, out, share the work about

David Goodhart tests how far labour flexibility has reduced UK unemployment

Employment: part-time Britain?

Part-time employees in Great Britain



Source: Employment Department, Database

Full-time employment in GB manufacturing sector



UK growth in male part-time employees* Annual % change

*At spring each year

1985 86 87 88 89 90 91 92 93

being spread around rather than growing, are figures for working hours, which fell from 936m per week in 1992 to 927m in 1993 (the 1990 peak was just over 1bn).

The idea that work is being spread may seem beneficial, but many people are being excluded: employment market experts say job losses are concentrated among lower-skilled male workers whose part-time jobs do not work (voluntarily or because the welfare system provides a disincentive to enter employment) while new part-time jobs are in general being taken by women whose partners are in work.

There is some evidence that the male share of part-time work is starting to rise, as manufacturing follows the service sector in increasing its use of part-time labour, but men still constitute only 15 per cent of the 5.9m part-time workforce.

The government says, nevertheless, that growth in part-time employment is a welcome development, shortening the time lag between changes in economic output and unemployment levels. This has some truth to it - but is only part of the story. According to a recent analysis by the US invest-

ment bank Goldman Sachs, the main reason why unemployment fell faster after the end of the latest recession than after the 1981-83 downturn was because the working population was growing faster in the early 1980s.

Another important part of the improvement, was the result of a "bounce-back": over pessimistic employers shed labour too rapidly at the time of the autumn 1992 European Exchange Rate Mechanism crisis and had to increase employment when the impact on the economy turned out to be less detrimental than feared. But it was also, says Goldman Sachs, due to an improvement in labour market flexibility which led to employers taking on more part-time workers instead of increasing overtime. As a result, the average hours worked by full-time employees fell between summer 1992 and summer 1993 from 36.5 hours a week to 36.3.

So is Mr Kenneth Clarke right to claim that the current government is responsible for creating that more flexible market? If he is claiming credit for the growth of part-time work, the answer is no. The weakening of union power in

the 1980s may have removed an obstacle to the increasing use of part-timers and outside contractors. But many of the legislative and financial incentives for employers to take on part-timers - such as exemption from many work-related benefits - have been largely unchanged for 25 years.

Moreover, contrary to the view that part-time work has only recently started to accelerate, it increased at a slightly faster rate in the more regulated and union-dominated labour market of the 1970s than in the 1980s. In 1971 the number of part-time employees was 3.3m or 15.3 per cent of all employees, by 1981 the figure had jumped to 4.5m and 21.2 per cent of all employees. By the end of 1991 the total had increased to 5.7m or 26.4 per cent of all employees.

This suggests that the rise in part-time work is driven as much by broader business and social trends - such as the growing demand of married women for part-time employment - as by deregulation. For that reason this month's House of Lords ruling, based on European Union law, that part-time workers should have the

same rights over redundancy pay and unfair dismissal as full-timers, may prove to have relatively little impact on demand for part-timers.

However, the government can claim some credit for other factors which may be contributing to job creating flexibility. The growing divergence between the pay of skilled and less skilled workers, encouraged by measures such as the abolition of wages councils, may have prevented demand for low skill labour falling further.

The reduction in benefit payments relative to income from employment, may also have encouraged some people to accept jobs which they would not have done in the 1970s.

The government is on firmer ground in claiming credit for creating more flexibility among those with jobs. Over the past decade, government-inspired curbs on union power, as well as the shadow of high unemployment, has certainly reduced resistance to moves by employers to take more control over pay and working practices.

The corollary of this new flexibility within companies, according to some analysts, is a pervasive insecurity in the British workplace. Mr Eric Salama, joint managing director of the Henley Centre, says that the combination of employment insecurity and the feeling that the state will no longer provide for people is having a strong impact on consumer confidence and savings. Nearly one-fifth of respondents to a recent Henley survey said that concerns about job security had prevented them from making major purchases in the last 12 months.

However, worries about greater insecurity in the workplace may be exaggerated. Employment department figures on the number of people in "atypical work" - casual, temporary, contract or seasonal - show a slight fall over the past 10 years. The total fell from 1.08m in 1984 to 1.05m in 1993, although within that total, contract work has doubled to 600,000.

It may be that such statistics are not picking up other aspects of a more flexible and less secure labour market: the increase in the proportion of the working population who fear losing their jobs and the increase in job-hopping.

But it may also be that consumer spending, now back at pre-recession levels, can adjust to the new labour market flexibility thanks to the creativity of the consumer finance industry, for example by adapting hire purchase schemes to be more like leasing deals.

In any case, recent improvements in labour market flexibility are unlikely to be reversed: as markets and technology change rapidly, the relationship between employers and employees is becoming more fluid. The British experience is that not everyone benefits; the picture is still of some people moving into employment - but others moving out. That suggests flexibility alone is insufficient to make a large dent in the unemployment mountain.

Emma Tucker on the employers' view of the jobs market

Shifts in perception

part-time positions. "We spread the available work across more people," says Mr Cameron. The move has also allowed Burton to respond more efficiently to busy and slow periods in its clothing stores, he maintains.

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find full-time work, means that employers can save money by hiring part-time staff.

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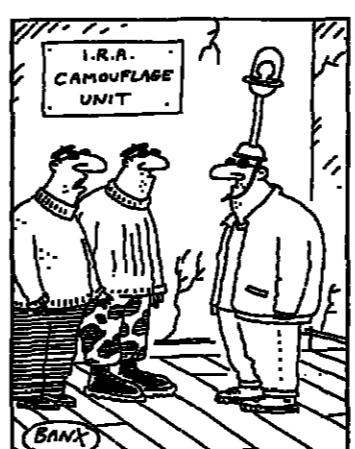
As far as he is concerned, the government continues to hinder the efficient functioning of the labour

market, particularly through the structure of social security payments.

"It is simply not true to say that there is more flexibility in the marketplace as far as part-time work is concerned," he says. "Only this week I wanted to extend the hours of one of my members of staff, but she couldn't do it because of the losses to her social security benefits that the extra hours would have entailed."

Another test of a responsive labour market is the ease with which employers can hire and fire to cope with changes in demand. Until the mid-1980s, the bill for making redundancy payments was refunded through the National Insurance Fund. Now employers have to carry the burden themselves, and this appears to be restricting the flexibility of the jobs market. This is particularly so for small employers, for some of which the cost of redundancy is prohibitive.

OBSERVER



"Brendan's disguised as a landing light"

share certificates, helped precipitate the 1929 Wall Street crash. So now we know where Maxwell learned the tricks of his trade.

Droit de seigneur

Prince Charles - Britain's future king, who has admitted talking to his vegetables - speaks neither Japanese nor Chinese, but thinks the rest of us should learn.

Perseverance enough, he asserted that at yesterday's launch of a 24m project - led by the British Council - to help the world learn English. The prince lamented the drop in standards of spoken English over

the past few decades, saying "it is not good enough to expect other people to conduct business in English... We're not good enough at teaching other people's languages."

Asked if he spoke Japanese or Chinese he replied in the good old-fashioned style his father would appreciate: "Of course I bloody don't. I don't have the time."

On manoeuvres

So much for the senior service. One of the odd aspects of the resignation of Sir Peter Harting as chief of the defence staff is that the Army's Sir Peter Inge, the eldest of the three service chiefs, has leaptfrogged Admiral Sir Jock Slater, the vice chief, to take control of the country's defences on a temporary basis at least.

Inge is regarded as a "soldier's soldier" rather than a "Whitehall warrior", so he might well be the forces' favourite for the job on a permanent basis. The other oddity is that, while Sir Peter has resigned as chief of defence staff, he has not resigned as a marshal of the RAF and so remains technically on the "active service" list along with all the other five star officers.

Euroslogon contest

The Conservatives have been having trouble dreaming up a

catchy slogan for June's elections to the European parliament. With Tory Eurocrats and Europhilas at Westminster sensitive to the slightest hint that the other side has gained the upper hand, the party's image-makers have their work cut out.

One front-runner was "Making Europe Work for You". Rather dull, admittedly; but it has the merit of being studiously neutral and fits in nicely with a similar Tory theme for the May local government elections.

But there's a snag - isn't there always these days for the Tories? It turns out that Paddy Ashdown's Liberal Democrats - unpatriotic federalists in Tory eyes - have already unveiled their slogan: "Making Europe Work for Us".

Back to the drawing board at Central Office. Perhaps "Making Europe Work for Them"?

Welkom

Parents of students at that seat of learning, the University of Leicester, are invited to a rare Open Day next Saturday, March 19, when there will be an opportunity to observe the redbrick institution in action. "This is a wide range of demonstrations, talks and displays involving the whole University," says the invitation, presumably in an attempt to spell it out. The English Faculty, clearly, should be the first stop for concerned mums and dads.

G7 starts work on five-point plan to deal with mass unemployment

By George Graham in Detroit

Ministers from the Group of Seven industrial nations yesterday began work on a five-point plan to tackle mass unemployment as the German labour minister, Mr Norbert Blum, warned that his country faced the loss of 3m unskilled jobs over the next eight years.

US President Bill Clinton, opening a two-day summit of G7 employment and economics ministers on measures to boost job creation, called on the G7 to tackle down-to-earth economic issues rather than concentrating exclusively on macroeconomic policy and high finance.

But a US plan to set up a G7 working party to study employment policy has already been dismissed by several countries.

Mr Günter Rexrodt, Germany's economics minister, said a working party would be "superfluous", since the Organisation for Economic Co-operation and

Development already performed a similar task. "If you set up machinery, a lot of the work goes into setting up the machinery rather than into substantive work," added another official at the meeting.

Germany has been the least enthusiastic participant in the Detroit meeting, with Mr Rexrodt dismissing US calls for more expansionary macroeconomic policies as part of an overall jobs strategy.

Mr Clinton proposed the jobs summit at the G7 summit meeting in Tokyo last year. The summit, on the shores of Detroit's East-West river, is expected to yield a framework for the full G7 meeting in Naples this summer.

G7 officials declined to discuss details of the five-point plan, but it is likely to address subjects such as re-employment, open markets and technology, and to remain general in order to avoid offending any country.

Mr Clinton did not abandon the

traditional subjects of G7 discussion. While he promised that the US would continue to bring its budget deficit down, he also called on Japan to stimulate domestic demand and for Europe to work for lower interest rates.

But he also called for more fundamental structural changes in unemployment benefit systems, training systems and employment regulations, in order to reassure people that they could gain from a dynamic economy.

"Unless people believe they are prepared for the jobs of the future, that productivity benefits them and they can have both strong work lives and strong families in a dynamic economy, they will turn against change," Mr Clinton said.

He made a plea against age discrimination. "If you want people to embrace change, we all have to change our attitude about who is employable, and especially on each end of the age spectrum," he said. "We have people that

won't hire kids because they don't have any experience. How are they ever going to get any experience if they don't get a job, right? Then we have people who won't hire older people because they've got too much experience," he added.

Mr Clinton's message won broad acceptance from delegates with quite different political approaches.

"We are completely in agreement with the policies outlined in Mr Clinton's speech," said Mr Kenneth Clarke, the UK chancellor of the exchequer.

"Listening to President Clinton I was struck by the coincidence of the way he presented the problem and the kind of answers he outlined with the work we have done in the European Union," said Mr Pascal Lamy, chief of staff to Mr Jacques Delors, the European Commission president.

In out, share the work about

Page 23

Pollution threat as tanker collision leaves 12 dead

Turkey raises concern of growing maritime traffic in the Bosphorus

By John Murray Brown in Istanbul

A Greek Cypriot-registered oil tanker was still burning last night after a collision in the Bosphorus, which left 12 crew dead and up to 16 missing, as Turkish officials warned of the threat of large-scale pollution.

The collision, which occurred late on Sunday night near the Black Sea mouth of the straits and has caused an oil spill, brought home Turkey's fears over the dangers posed by increased tanker traffic through the Bosphorus, one of the world's most crowded waterways.

The collision was between the Nassia, a Greek-Cypriot registered oil tanker, and a coaster. An official at the Turkish port authorities warned that there could be large-scale pollution if the wind direction changed.

"It is tragic that an accident like this has to occur for us to be able to make our case," said Mr Timur Erkmen, a maritime expert in the Turkish prime minister's office.

Unhindered passage for all merchant ships using the waters of the Bosphorus and Dardanelles, which divide Europe and Asia, is guaranteed under the 1936 Montreux Convention. Only warships require permission of the signatory countries. This was an important control over the Soviet Union's fleet during the cold war.

Although the passage is considered dangerous with erratic currents and 12 narrow turns, it is not obligatory to take navigational pilots. The Istanbul maritime authority estimates that

fewer than half of the 40,000 vessels which cross the Bosphorus each year take a pilot on board.

In the wake of the break-up of the Soviet Union, sea trade volumes have increased sharply as the Bosphorus is the most direct route to western markets for many of the newly emerging states.

Additional traffic is expected following last year's opening of the Main-Danube central European canal system, linking the Baltic with the Black Sea.

However, Turkey's main concern is over the threat posed by a large increase in oil cargoes if the central Asian countries choose to ship oil from new fields to western markets via the Bosphorus.

Turkey estimates that 80m tonnes of crude would pass every year through the straits if the Black Sea route is used, compared with 5m tonnes today.

Azerbaijan is currently in final negotiations with a western oil consortium led by British Petroleum, while Kazakhstan is developing the vast Tengiz field.

The issue is of particular concern for the Russians, who want both countries to use the existing Russian port at Novorossiysk.

The Turkish government has raised its concerns with the International Maritime Organisation, the United Nations body which handles maritime disputes. From July, Turkey will tighten rules for vessels of more than 150 metres in length, in a move clearly aimed at oil tankers. New traffic lanes, and restrictions on large vessels using the straits at night will be introduced.

Yesterday, the governor of Ist-



anbul, Mr Hayri Kozakcioglu, said no further growth in tanker traffic should be allowed. Mr Hikmet Cetin, Turkey's foreign minister, called for an end to shipments of all explosive materials through the Bosphorus.

Turkish officials believe restrictions through the Bosphorus may force oil companies to support Turkey's own proposal to build a pipeline to the Mediterranean.

In a related development, Lloyd's of London has been commissioned by an unnamed group of US oil companies to consider the navigational and environmental safety aspects of extra traffic through the Bosphorus.

Disney plans \$2bn rescue

Continued from Page 1

ney's shares had fallen 5% to \$46. The rescue plan's FF10bn rights issue involves the creation of 600m new shares at the par value of FF10.0.

Disney will subscribe for its full 49 per cent stake and the issue will be underwritten by a group of lenders, notably steering committee members. The issue will dilute the stakes of existing shareholders 4.5 times by increasing the number of Euro Disney shares from 170m to 270m.

Disney is injecting FF1.4bn into Euro Disney by leasing two of the EuroDisneyland rides. It will also waive for five years its entitlement to fees and royalties worth around FF450m annually. The interest rate holiday should save another FF600m a year.

Euro Disney lost FF5.3bn in its last financial year to September 30.

China's status

Continued from Page 1

after the Tiananmen Square massacre of 1989. They agreed to establish a joint commission on defence conversion, a pressing issue for both sides as they attempt to revamp old military plants for civilian industrial production.

But US officials sought to play down the extent of defence conversion.

They said the round-up of dissidents on the eve of Mr Christopher's arrival in Beijing and continuing argument over human rights dictated caution.

THE LEX COLUMN

Disney's rude awakening

It was appropriate that Euro Disney staged its annual meeting in its rodeo hall, given that the restructuring proposals threaten to trample ordinary shareholders underfoot. The agreement conjured up between the banks and Walt Disney promises a massive dilution of shareholders' interests. The FF10bn rights issue, supported by a syndicate of banks, will probably be priced around the FF10 par value of the shares. Combined with related leasing deals, this implies that the number of shares in issue will rise from 170m to closer to 300m on a fully diluted basis. After rising 8 per cent in the morning, the shares closed 7 per cent lower as that reality dawned.

At least Walt Disney and the banks now seem fully committed to making the park work. By forgiving 18 months of interest charges and deferring all principal payments for three years, the banks have bought Euro Disney plenty of breathing space. Euro Disney should eventually be able to service its remaining FF10bn debt with little difficulty. The question is whether any upside exists when Euro Disney re-emerges from its temporary financial fantasyland.

It is tempting to believe the new shares may hold some speculative appeal when the French economy recovers. But as has always been the case, Walt Disney's shares must offer a better bet for those convinced that Euro Disney will flourish. Walt Disney has waived its lucrative royalties and management fees for five years but they will be re-paid in time. And if Euro Disney proves a wild success, Walt Disney's magical incentive fees will be transformed into gold.

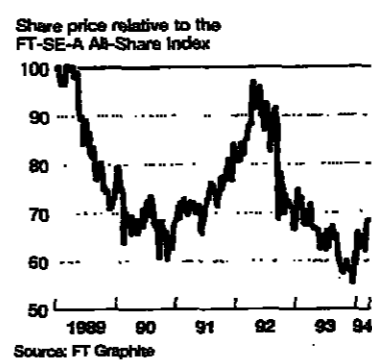
English China Clays

Demerging out of building materials makes strategic sense now that English China Clays has set its sights on chemistry rather than digging holes in the ground. The exercise also usefully relieves the parent of the need to support its capital-intensive offspring during the upturn. Yet ECC has resisted the temptation to burden Camas, the demerged company, with more than its fair share of the dividend. It is touch and go whether ECC would have covered its share of the pay-out once earnings from building materials and land sales are stripped out of yesterday's full-year figures.

While surplus land is being sold and capital spending is below depreciation, the cash cost of the dividend is bear-

FT-SE Index: 3233.4 (+41.5)

English China Clays



able. But at the current rate of progress the land bank will be empty within two years. Neither can a sudden revival in minerals - which accounts for four-fifths of continuing turnover - be relied upon. True, margins are now some 5 percentage points below the peak and recent price increases are an encouraging sign. If changes in paper technology depress demand for kaolin, though, rebuilding margins will be a long haul.

ECC thus still needs to find earnings growth elsewhere. Calgon, the specialty chemicals company acquired last year, provides a useful first step in that direction but is too small to transform the prospects of the group. Additional critical mass might also help Calgon compete from a poor third place in the US market. After two rights issues in three years ECC has room to borrow. To justify maintaining the dividend through the downturn, it now has to spend wisely.

UK economy

Taken in isolation, yesterday's UK producer price figures should have been a tonic for gilts. Output prices showed an underlying increase of just 2.4 per cent in the month to February and there has been a marked deceleration in the last three months. Input prices showed a small seasonally-adjusted increase in February, but they are still down 3.6 per cent on the year despite scaremongering about commodity price rises. That gilts only managed a half-point rise in low volume clearly reflected continuing worries about how the New York bond market will react to this week's torment of US data.

With long gilt yields some 5 percent above inflation, the positive message from yesterday's producer prices must eventually reassert itself. Then the authorities might again have an opportunity to raise long-term funds at rates well below 7 per cent. This week they must decide whether to hold an auction in March. If they are brave enough to go ahead, they may have to content themselves with a short-dated issue. The producer price figures could help with that by keeping hopes of lower base rates alive.

The figures are good news for equities too, whether or not they lead to a rate cut. The large discrepancy between the trends in input and output prices suggests manufacturers are enjoying higher margins without inflationary price rises. Small wonder earnings and dividends are turning out higher than the market expected.

MAI

MAI's strong performance in all of its main businesses must reassure any investors concerned about the expensive acquisition of Anglia Television. Money and securities broking continues to push up profits. Meridian, the majority-owned Channel 3 franchise, is ahead of expectations. Information and market research is also doing well. Across the board, the profit increases have been underpinned by strong management and cost controls.

With that record, MAI should be relied on to squeeze value from Anglia. Several of Anglia's peripheral holdings may go and the recent disposal of MAI's final holding in Havas shows how profitably it can manage such investments. Despite paying almost £200m for Anglia, the company retains a virtually unguaranteed balance sheet.

What remains at issue is whether the market will rate MAI as a steady financial broker or a go-go media stock. Next year around 50 per cent of earnings will come from television while 50 per cent may come from broking. Yet it may be a mistake to rate the company too lowly. Broking has consistently grown faster than predicted, and television earnings are highly geared to recovery. There is scope for a pleasant surprise. It is also worth keeping a weather-eye on the pace of MAI's progress. Anglia, an increased stake in SIS racing, interest in Channel 5 and the National Lottery, and a watching brief on Intrum Justitia are plenty for even the most nimble management team to handle.

FT WEATHER GUIDE

Europe today

A lingering cold front will cause overcast skies and rain in south-eastern England, the southern parts of the Benelux, northern France, Germany, the Czech Republic and southern Poland. South of the front, it will remain dry and mild.

Sunshine will be plentiful south of the Alps, in Italy, the southern Balkan states, Greece and Turkey. North of the front, strong westerly winds will cause cooler conditions. Clouds will break over the British Isles, southern Scandinavia, Denmark, northern Germany and Poland. However, wintry showers will fall, especially in the northern and western parts of the British Isles and south-western Norway. Spain and Portugal will be mainly sunny, except for the north coast which will be mostly cloudy.

Five-day forecast

A strong westerly to north-westerly air flow will bring colder air towards the northern half of Europe. The gusty winds will be accompanied by showers, snow or hail. Temperatures will fall a few degrees. The southern half of Europe will remain settled and dry, warm and sunny, especially in the Mediterranean.

TODAY'S TEMPERATURES

Location	Max	Min	Location	Max	Min	Location	Max	Min
Abu Dhabi	30	24	Amman	20	14	Beijing	10	4
Accra	30	24	Antwerp	10	4	Bombay	28	22
Algiers	20	14	Bombay	28	22	Buenos Aires	20	14
Amsterdam	10	4	Buenos Aires	20	14	Calcutta	28	22
Athens	18	12	Calcutta	28	22	Cairo	24	18
B. Aires	20	14	Cairo	24	18	Chennai	28	22
B. Hum	20	14	Chennai	28	22	Dhaka	28	22
Bangkok	30	24	Dhaka	28	22	Edinburgh	10	4
Barcelona	18	12	Edinburgh	10	4	Faro	20	14
Beyring	10	4	Faro	20	14	Frankfurt	10	4
			Frankfurt	10	4	Geneva	10	4
			Geneva	10	4	Hamburg	10	4
			Hamburg	10	4	Harbin	-10	-16
			Harbin	-10	-16	Helsinki	-10	-16
			Helsinki	-10	-16	Hong Kong	20	14
			Hong Kong	20	14	Houston	20	14
			Houston	20	14	Istanbul	10	4
			Istanbul	10	4	Jersey	10	4
			Jersey	10	4	Karachi	28	22
			Karachi	28	22	Kuala Lumpur	28	22
			Kuala Lumpur	28	22	London	10	4
			London	10	4	Los Angeles	20	14
			Los Angeles	20	14	Madrid	18	12
			Madrid	18	12	Moscow	-10	-16
			Moscow	-10	-16	Mumbai	28	22
			Mumbai	28	22	Nairobi	28	22
			Nairobi	28	22	Osaka	18	12
			Osaka	18	12	Paris	10	4
			Paris	10	4	Perth	20	14
			Perth	20	14	Prague	10	4
			Prague	10	4	Rangoon	28	22
			Rangoon	28	22	Riyadh	28	22
			Riyadh	28	22	Sao Paulo	20	14
			Sao Paulo	20	14	Seoul	10	4
			Seoul	10	4	Singapore	28	22
			Singapore	28	22	Stockholm	-10	-16
			Stockholm	-10	-16	Taipei	18	12
			Taipei	18	12	Tel Aviv	28	22
			Tel Aviv	28	22	Tokyo	18	12
			Tokyo	18	12	Toronto	10	4
			Toronto	10	4	Tripoli	20	14
			Tripoli	20	14	Ulaanbaatar	-10	-16
			Ulaanbaatar	-10	-16	Vancouver	10	4
			Vancouver	10	4	Vienna	10	4
			Vienna	10	4	Warsaw	10	4
			Warsaw	10	4	Washington	18	12
			Washington	18	12	Wellington	18	12
			Wellington	18	12	Wiening	18	12
			Wiening	18	12	Zurich	10	4
			Zurich	10	4			

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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INTERNATIONAL COMPANIES AND FINANCE

Schering sees earnings match as sales surge 21%

By Christopher Parkes in Frankfurt

Schering, the Berlin-based drugs group, yesterday reported a 21 per cent sales surge in the first two months of this year and forecast earnings for the year would at least match last time's DM254m (\$151m).

The sharp rise in turnover, together with an executive's remarks that the profits forecast was made with "typical understatement," helped push the group's shares up DM16 to DM1.036 in Frankfurt.

The group, a leading supplier of contraceptive pills, and which last year won US approval for Betaseron, the first effective treatment for multiple sclerosis, also

announced a 1993 dividend of DM14.22, after DM13 last time.

The pay-out includes the benefits of recent changes in corporate taxes, and with tax credits would yield a net DM20.31 a share - unchanged from last year - for shareholders liable for German taxes.

Mr Klaus Pohle, finance director, said progress this year would depend on the impact of exchange rates and health reforms, while the withdrawal of tax concessions for companies based in Berlin would also affect results.

Earnings from Betaseron would not make a significant contribution to profits, he added, blaming high development and launch costs. Sales of the new product had so far failed to match expectations.

According to Mr Giuseppe Vita, group chairman, Betaseron added only DM7m to group turnover last year. It was taking longer than expected for health insurance companies to approve payment of potential patients' prescriptions. Estimates of annual treatment costs range between \$5,000 and \$10,000.

Although only 4,000 US patients were taking the drug at the end of last year, Mr Vita said he expected the number to climb to around 40,000 during 1994, bringing in sales of DM300m. Schering aims to start marketing the treatment in Europe, where it will be called Betaseron, in mid-1995. An application for approval will be sent to the Brussels authorities later this year.

Bang & Olufsen sees profit of DKr100m

By Hilary Barnes in Copenhagen

Bang & Olufsen, the television and audio equipment manufacturer, said it expects to return to profit for the first time after three years of losses. It forecasts a pre-tax profit of DKr100m (\$15m) for the year ending on May 31 compared with a loss of DKr42.5m in the previous year.

The group has adjusted the forecast made in its half-year interim statement in January, when it predicted profits for the full year of about DKr70m. The performance has improved after a rationalisation programme was implemented in the autumn of 1992 aiming at reducing costs, reorganising the European sales and marketing operations, and introducing a cheaper range of television sets.

First-half group sales were ahead by 18 per cent to DKr1.21bn from DKr1.03bn and profits after net financial costs were DKr50m against a loss in the same period of the previous year of DKr45m.

Sales in the second half of the fiscal year have exceeded expectations in several of its European markets, including Denmark, Norway, Germany and the Netherlands.

Hugo Boss lifts dividend after record result

By Michael Lindemann in Bonn

Hugo Boss, Germany's best known menswear manufacturer, yesterday raised its annual dividend after reporting record profits of DM76.5m (\$45.8m). Ordinary shares will receive a DM23 dividend, up from DM21, while holders of preferential stock will receive DM24.50, also up DM2.

The company, part of the Italian Marzotto group, said it was optimistic about good cash-flow figures and predicted sales would recover after a fall in turnover blamed on the recession. Overall group sales fell 7.5 per cent to DM846.2m.

On the threshold of a third phase

Mr Percy Barnevik

may court controversy with his opinions on thorny issues such as western aid for the former Soviet Union, but he has always preferred to hit the headlines by announcing good news from Asea Brown Boveri.

Last week, he wasted no opportunity to do so. Reaching the UK table on a whistle-stop tour of a Copenhagen dining room, where journalists from 35 countries were tucking in at ABB's annual results shindig, Mr Barnevik revealed with some pleasure that ABB UK had notched up the group's biggest improvement in earnings last year.

The president and chief executive of Europe's largest electrical engineering group is in confident, almost sprightly mood by his standards these days, and not only because of the performance of ABB UK.

The entire group's pre-tax profits after financial items rose by 7 per cent last year to \$1.19bn, in spite of a 4 per cent fall in revenues to \$2.85bn. In dollar terms, that may not look too exciting - ABB's pre-tax earnings have, after all, hovered around \$1.1bn since 1990.

Mr Barnevik, though, sees a deeper meaning in the result than simply marking the return to rising profits after a slight dip in 1992. For one thing, he points out, profits expressed in local currencies rose by an average 25 per cent on a 6 per cent increase in revenues, a better indication of underlying trends.

More significantly for the long-term future of the company, its 208,000 employees and Europe's role in the world

engineering industry, he believes ABB is standing on the threshold of a new phase in its short corporate history.

Phase one, from 1988 to 1990, saw the creation of the company from the engineering interests of Sweden's Asea and Brown Boveri of Switzerland, followed by heady growth and acquisitions

Asea Brown Boveri is looking for expansion, writes Andrew Baxter

in an expanding market.

Phase two, from 1991 to 1993, was one of consolidation and selected growth. Amid deep recession in Europe and North America, 47,000 jobs were cut amid restructuring and reorganisation in western countries. On the other hand growth opportunities mainly in Asia and the former communist countries of eastern Europe and, more recently the old Soviet Union, have added 35,000 new jobs.

The aim has been to exploit fast-growing new markets while laying the foundations for profitable growth in western countries when they emerge from the recession. This culminated last year with a reorganisation designed to improve global co-ordination and efficiency, and a net \$596m non-recurring charge due mainly to restructuring in the second half of the year.

Now, says Mr Barnevik, ABB has reached another turning point, and a third phase - expansion - is beginning. With the recession over for practical purposes, he says, ABB can go

for growth and reap the benefits of restructuring which will be completed by this autumn, and will save \$200m in a full year.

Mr Barnevik may be one of Europe's most admired industrial strategists and visionaries, but hard-nosed City analysts judge ABB by its financial performance. By hitting

the accelerator now, though, they believe he has every chance to achieve the expansion profitably.

"If ABB can't deliver earnings growth after all their restructuring, it's pretty well lights out for everyone else," says Mr Russ Mould of S.G. Warburg Securities. Mr Barnevik is in sight of achieving a cherished financial target that looked even beyond him two years ago - a 10 per cent operating margin (return on operating profits after depreciation) and thus come closer to the profitability of its big rival General Electric of the US.

The margin rose from 6.1 per cent in 1992 to 7.7 per cent last year, and Mr Mould believes ABB could get very close to reaching 10 per cent within a couple of years.

A lot more restructuring goes on behind the scenes, he says, than is apparent from ABB's publicly announced reorganisation measures, such as the 1992 dis-

memberment of the old environmental services business segment.

There is also considerable scope for synergies, and hence savings in the newly created power transmission and distribution segment and the biggest new segment, industry and building systems, which employs nearly 86,000 people alone. Here, in particular, Mr Barnevik will be under pressure to prove he has not created a conglomerate within a Leviathan.

Better market conditions in western markets will help lift profits but the biggest contributions to earnings improvement will come from new markets. The fact that ABB is already making good profits in countries such as Poland and the Czech Republic is a hopeful sign for the future, says Mr Mould.

In the Asia Pacific region, ABB is trying to boost its already significant presence - \$3.6bn of sales last year - by becoming a true "insider". In power transmission and distribution alone, for example, it has 20 plants and plans another 23 over the next few years.

And it may not matter that all ABB's competitors - General Electric and Westinghouse of the US, Siemens and GEC Alsthom from Europe - are doing much the same, because the growth prospects are so mindboggling.

China, says Mr Barnevik, needs to increase its power capacity by 15,000MW to 18,000MW a year - compared with the 15,000MW built by Switzerland over the past 100 years.

Linde plans to reduce payout

By Christopher Parkes

Linde, the German engineering group, is to propose a DM1 cut to DM14 in its dividend for 1993, after a 30.5 per cent earnings fall to DM38.5m (\$22m).

The company, a leading supplier of fork lift trucks, industrial gases and refrigeration equipment, said its materials

handling divisions had been worst hit by the recession.

Group sales fell 4.8 per cent to DM7.2bn last year, while incoming orders of DM7.33bn were little changed, it said in a statement yesterday.

Linde, which earned record profits in 1992, consistently warned of a downturn for most of last year, reporting a 26 per

cent contraction in the European fork lift truck market in the first six months. Profits at the German parent, Linde AG, fell 22.5 per cent to DM150m.

The workforce was reduced by 2.6 per cent during the year and investments of DM675m were lower than planned, although held at around 9 per cent of turnover.

North West Water recruits from Tarmac

By Peggy Hollinger and Andrew Taylor in London

North West Water, the UK utility, yesterday sought to lay to rest any anxieties over its international expansion by appointing as its new chief executive Mr Brian Staples, former head of the contracting business of Tarmac, the UK contractor and building materials group.

He replaces Mr Bob Thian, widely credited with building North West's international business. Mr Thian left in November following what was reported as a "difference in management style" with the equally hands-on chairman, Sir Desmond Pither.

ECC to hold payout after demerger

By Maggie Urry in London

English China Clays (ECC) promised the total payout to shareholders would be at least maintained at the 20p 1993 dividend after the demerger of its construction materials division this summer. The new company will be called Camas and is expected to have a market value of between \$250m (\$365m) and \$300m. It will pay a 3.75p 1994 final dividend.

ECC yesterday set out the capital structure and board of Camas, and details of the timetable for the split. Shares will be given to ECC shareholders on a one-for-one basis.

The news accompanied results for 1993, which showed

group pre-tax profits down from \$100.2m to \$88.1m. The Camas business lifted operating profits from \$15.5m to \$16.5m before one-off costs.

The split will leave ECC to concentrate on its minerals and specialty chemicals business, with a continuing cash flow from sales of its housing land bank. Camas operates in Europe - largely in the UK - and in the US, integrating quarrying, coated stone, concrete products and road surfacing activities.

The demerger is due to become effective on June 1, after a special meeting on May 31, with shares going to holders on the register on May 27. See Page 24; Details, Page 30

Bongrain improves 22% despite flat turnover

By John Riddling in Paris

Bongrain, one of France's largest cheese makers, yesterday announced net profits of FF434m (\$76m) for 1993, an increase of 22.5 per cent over the figure recorded in 1992.

The rise in profits, which included an exceptional gain of FF145m, was achieved on flat sales of FF3.6bn.

Operating profits were also relatively stable, rising by just

over 1 per cent to FF593m.

Bongrain said that the operating result was achieved despite a difficult economic environment and without reducing long term investments.

It reflected the effectiveness of cost cutting and productivity measures, according to the company. The group said that its strategy of expansion was continued during the year, with acquisitions in Hungary and the Czech republic.

IBCA lowers ratings on Banco Central Hispano

By Our Madrid Staff

Banco Central Hispano, one of Spain's leading banks, yesterday saw the IBCA ratings for both its short term and long term debt downgraded.

The London-based agency said it was adjusting its rating for the bank's short-term commercial paper from A1+ to A1 and for its long-term debt from AA- to A+.

Bank officials said BCH was

being "excessively penalised"

by the impact of the crisis at Banco Español de Crédito, for which the Bank of Spain is mounting a rescue plan. However, they argued that the ratings change had already been discounted by the market following last week's announcement by Moody's that it was reviewing the bank for possible downgrade.

The move could affect plans by BCH to issue \$200m of subordinated debt.

This announcement appears as a matter of record only

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<p>Tower Corporation Holdings has acquired regulatory approvals for it to acquire</p> <p>Friends Provident Life Assurance Company Limited</p>	<p>FRIENDS PROVIDENT Friends Provident Life Office has acquired</p> <p>NM UK Limited from</p> <p>The National Mutual Life Association of Australasia Limited</p>	<p>Holdingselskabet af 18 August 1992 A/S through its wholly owned subsidiary</p> <p>Holdings of 1992 (UK) Limited has sold</p> <p>Economic Insurance Company Limited to</p> <p>Economic Insurance Holdings Limited in a management buy-out funded by</p> <p>Candover Partners Limited & Canseway Limited</p>

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INTERNATIONAL COMPANIES AND FINANCE

Banks oppose Payless buyout

By Richard Waters
in New York

The \$1bn buy-out of Payless, the US drug store chain owned by Kmart, has run into opposition from banks, threatening one of the biggest buy-outs launched in the US since the 1980s.

The California-based Leonard Green & Partners, which is leading the buy-out, originally sought \$850m from banks, in financing led by Bankers Trust, Citibank and UBS.

Late last week, financing was scaled back to \$600m, having already been dropped to \$750m, as a number of leading financial institutions said they would not back the transaction.

To fill the gap left by the lower level of bank debt, the backers are now planning to

raise \$600m through one of the biggest issues of sub-investment grade bonds since the junk bond market sprang back to life a year ago.

However, the bond issue comes at a time when mutual funds, which have been the biggest supporters of the high-yield junk bond market, have experienced a steady out-flow of cash. According to one estimate, investors have withdrawn a net \$1.5bn from high-yield funds in the past fortnight as the US fixed income markets have fallen.

Leonard Green said the size of the bank deal had been scaled back in part to enable the transaction to close by the end of this month. The firm added that the three lead banks had fully underwritten the transaction, so the financing for the deal was assured. The head of syndication of

one big US bank which has not backed the transaction said: "It's a very controversial deal - a lot of high-quality, leveraged lending banks have said no." Another leading bank added that the difficulty in attracting cash showed that "the market is not so overheated that anything will sell".

One bank said that it had decided not to participate in part because previous Leonard Green buy-outs had a poor track record.

The firm said, though, that only one of its buy-outs had resulted in Chapter 11 bankruptcy protection, that of Almac's, which sought protection from its creditors last year.

"That's not a bad record in 20 years," the firm added. Until now, US buy-outs have been steadily increasing in size

since the lull in the early 1990s, which followed the failure of a buy-out at United Airlines to attract bank finance.

Mr David Browning, managing director of structured finance at Citibank, said the changes made to the proposed Payless financing did not mean that the deal was in trouble.

"You make your best judgment [about the sources of finance]. We have not changed the debt structure, only the mix."

A leveraged buy-out of Jefferson Smurfit in the US has become the first deal of the 1990s to attract more than \$1bn of bank finance.

The buy-out has won backing from 13 banks, each of which has underwritten \$100m. Bankers in the US continue to predict a rash of big bank-financed buy-outs.

Digital plans to raise \$500m

By Louise Kehoe
in San Francisco

Digital Equipment, the struggling US computer manufacturer, plans to raise \$500m through a public offering of 20m depositary shares priced at \$25 a share.

The company said proceeds would be used for working capital and other general corporate purposes.

It recently announced plans to cut its European workforce by 20 per cent with the loss of 6,000 jobs over the next 12 months.

Each depositary share represents a one-fourth interest in a Series A cumulative preferred share.

For the six months to January 1 this year, Digital suffered a net loss of \$155.3m, compared with a loss of \$324.4m in the same period a year ago.

Digital has been struggling to come to grips with fundamental changes in the computer market. These have shifted demand away from its mini-computers to networks of much cheaper personal computers, and workstations, using "open systems" rather than proprietary software.

The dividend rate, redemption provisions and dividend payment dates of the preferred stock will be established at the time of sale. The company said the preferred stock would not be convertible.

Alcan Aluminium is selling two of its US extrusion plants to Cressona Aluminium of the US, for an undisclosed sum, writes Robert Gibbons in Montreal.

The facilities employ 300 people and have annual capacity of 45,000 tons of extrusions.

Alcan is also negotiating to sell its remaining North American extrusion operations, including three plants and a demaking operation in Canada and an extrusion plant in the US.

Together they employ 700 and have annual sales of US\$120m. The moves are part of Alcan's broad restructuring.

Sumitomo Rubber down 68% on falling demand

By Paul Abrahams in Tokyo

Sumitomo Rubber, Japan's third largest tyre manufacturer, yesterday reported consolidated pre-tax profits down 68.6 per cent at ¥4.93bn (\$45.64m) for the year ending December 31. Net profits fell 24.1 per cent to ¥4.26bn.

The result underlined the continuing dire state of the Japanese tyre industry which has been hit by falling demand, lower prices, and a deteriorating product mix as consumers trade down to cheaper products.

The company also blamed the rise of the yen which had reduced the value of overseas profits. Earnings per share dropped from ¥33.77 to ¥24.6.

The fall in profit was achieved on sales down 13 per cent at ¥503bn.

The Japan Automobile Tyre Manufacturers' Association recently reported that demand from automotive manufacturers and consumers wanting to replace tyres had fallen last year. Shipments to domestic vehicle constructors fell 12.1 per cent during 1993 to 50m units. Sales to the replacement market dropped from 67.8m units in 1992 to 60.9m last year.

Sumitomo Rubber warned its profit would fall further this year, reaching only ¥4bn. It predicted pre-tax profits would be static at ¥5bn on sales of ¥530bn.

Earnings per share would also fall at ¥24.41.

Mitsubishi is to take a 20 per cent interest in the new A570m (US\$50.3m) methanol research plant which Broken Hill Proprietary Petroleum, part of the Australian resources and steel group, is building in Melbourne, writes Nikki Tait.

The plant is designed to research and develop forms of methanol-producing technology, first developed by ICI Katalco in the UK.

The joint venturers believe that methanol, which can be transported and stored like other petroleum products, could be a cost-competitive fuel for power generation," said BHP yesterday.

BHP began building the plant last year, and it is about three-quarters complete.

ITT plans educational services sale

By Richard Waters
in New York

ITT, the US conglomerate, took a further step towards narrowing its range of activities as it announced a flotation for its ITT Educational Services subsidiary.

The company said it planned to sell 19.9 per cent of the unit's shares, in a move which analysts said would probably precede a full disposal.

The partial sale would be likely to put a higher value on the business than that accorded it by ITT shareholders, said Mr Gary Schneider, an analyst at Bear Stearns, the New York securities house.

It would prepare the unit for an eventual disposal by ITT, he said.

The educational services business has more than 20,000 full-time students attending technical institutes in the US, and accounted for about \$150m of revenues in 1992, the latest year for which figures are available.

The plan follows ITT's completion last month of the spin-off of Rayonier, a forestry products company with annual sales of about \$1bn.

Trading on bad reviews

By Nikki Tait

Film reviews do not usually appear on the business pages of any newspaper. But the weekend slating of Paul Hogan's latest production, *Lightning Jack*, by New York critics has become hot stock market news in Australia.

The reason: *Lightning Jack* was financed by Australia's first, and only, publicly-quoted film trust.

Units in the trust are traded on the Australian stock market, and have provided a punt on whether the archetypal Aussie movie-star would repeat the success of his 1986 film, *Crocodile Dundee*, or whether *Lightning Jack* would flop, like his subsequent 1990 film, *Almost an Angel*.

Yesterday, the critics' views outweighed some fairly healthy box office returns from the film's opening weekend.

The units, sold to investors at \$1 apiece last July, fell to \$1.15 at one stage yesterday morning, before recovering to around \$1.20 by mid-afternoon. That compares with \$1.37 on Friday night, and \$1.55 in late February.

In Brisbane, Morgan Stockbroking, which underwrote the \$35m issue of units last summer, said there had been an



Hogan: box office success

early rush of panic phone calls, but reactions had calmed by the end of the day.

Despite the poor reviews, the film reached number two at US box offices, after *Guarding Tess* starring Shirley McLaine.

But whatever the eventual public verdict on Mr Hogan's "comic western", investors will not walk away empty-handed. The trust was structured so that unitholders enjoy two years of tax breaks.

Investors who hold their units until June 1994 can write off 50 per cent of their investment as a tax deduction in the current tax year. A further 50 per cent deduction will be allowed if the units are held until June 1995.

Thereafter, the value of the units will depend on how popular the film is. Essentially, the unitholders own the copyright to the film for seven years after its completion. After this, copyright switches to Mr Hogan's private company, Lightning Ridge Films.

As revenues start to flow, *Lightning Jack* must first make deferred production and marketing-related payments - including a \$2m payment to Mr Hogan, representing half his acting fee.

The next \$35m goes to the unitholders, so that they recoup their capital outlay. Further general expenses then have to be met, such as a sales marketing fee. Finally, any residual revenues will be split 50:50 between Lightning Ridge and the unitholders.

But investors had a scare recently, when a question mark loomed over whether the Australian Tax Office would agree to the full tax deductions originally mooted.

In the event, these have been agreed. But the hiatus may have some bearing on whether the Australian stockmarket houses any more film stocks. Mr Clarke admits that in the light of the ATO's ruling, a precise replica of the trust is unlikely, although he thinks variants might be attempted.

Sprint puts \$350m into network

By Louise Kehoe

Sprint, the third largest US long-distance telephone company, has announced plans to spend \$350m over the next three years to double the capacity of its 23,600-mile network, using advanced digital transmission technology.

The group said the upgrade would provide its customers with the ability to send voice,

video and data traffic over its network simultaneously at speeds of up to 2.5 gigabits per second. A further upgrade to 10 gigabits per second is planned as capacity demands increase.

Sprint said it had selected Alcatel Network Systems and NEC America to provide synchronous optical network, or Sonet, transport equipment and optical amplifiers to boost the capacity of its network.

Sonnet equipment will be installed at each of the 338 locations where Sprint's long-distance network connects with regional telephone services.

Sonnet is the transport element of Sprint's broadband network design which was announced in 1992. This also employs asynchronous transport mode switching technology.

Amoco may cut costs by restructuring units

By David Lascelles,
Resources Editor

Amoco, the fifth largest US oil company, is considering a big internal restructuring to reduce costs and raise its performance.

The plan would replace Amoco's three operating companies with leaner business units, and reduce the corporate staff to a minimum. At the moment the operating companies, in production, refining and chemicals, represent the core of Amoco's operations.

Mr Larry Fuller, Amoco chairman and head of the strategic planning committee, told staff yesterday the restructuring

would eliminate much of the company's cost structure.

But there would also be a significant transfer of personnel and a net loss of jobs throughout the corporation. He said it was too early to be specific about the impact of these changes, but he hoped decisions would begin to be made by early summer.

The reorganisation follows the disappointing performance of Amoco stock which lagged behind the Dow Jones Industrial Average last year.

The present three-company structure dates from the 1960s and has left Amoco less competitive than it should be, Mr Fuller said.

Air Canada seeks foreign equity finance

By Robert Gibbons in Montreal

Air Canada is seeking shareholder approval for a new class of non-voting common shares to be used to raise equity, mainly outside Canada.

The company said it had no immediate plans to issue any of the new class A non-voting common shares but it was creating the flexibility to obtain foreign equity financing "within the framework of the ownership restrictions existing under federal legislation".

At present, no individual can own more than 10 per cent of the voting shares. Foreigners are restricted to 25 per cent.

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March 15, 1994

Commitment to the Southern Cone

S.G. Warburg
and
Buenos Aires Capital Partners

have formed an exclusive association
in
Argentina, Uruguay and Paraguay

February 1994

S.G. Warburg
and
Asset-Chile Ltda.

have formed an exclusive association
in
Chile, Peru, Ecuador and Bolivia

December 1993

S.G. WARBURG

S.G. Warburg Group plc
London, New York, Tokyo

Amsterdam, Auckland, Bangkok, Bogota, Buenos Aires, Chicago, Frankfurt, Geneva, Hong Kong, Istanbul, Kuala Lumpur, Lisbon, Luxembourg, Madrid, Melbourne, Milan, Montreal, Moscow, Osaka, Paris, Santiago, São Paulo, Seoul, Singapore, Sydney, Taipei, Toronto, Vancouver, Warsaw, Wellington, Zurich

BANQUE PARIBAS
US\$200,000,000
Undated floating rate securities
In accordance with the provisions of the securities, notice is hereby given that for the three-month interest period from 15 March 1994 to 15 June 1994 the securities will carry an interest rate of 4.1875% per annum. Interest due on 15 June 1994 will amount to US\$10.70 per US\$1,000 security.
Agent: Morgan Guaranty Trust Company
JPMorgan

BANQUE PARIBAS
US\$400,000,000
Undated subordinated floating rate securities
In accordance with the provisions of the securities, notice is hereby given that for the interest period from 15 March 1994 to 15 June 1994 the securities will carry an interest rate of 4% per annum. Interest payable on 15 June 1994 per US\$1,000 security will amount to US\$10.22 and per US\$10,000 security will amount to US\$102.22.
Agent: Morgan Guaranty Trust Company
JPMorgan

US\$100,000,000
Subordinated Collateral Floating Rate Depository Receipts due 2003 issued by
The Law Debenture Trust Corporation plc evidencing entitlement to payment of principal and interest on deposits with Banco di Napoli Hong Kong Branch
The receipts will bear interest at 6.125% per annum from 15 March 1994 to 15 September 1994. Interest payable on 15 September 1994 will amount to US\$31.31 per US\$1,000, US\$313.06 per US\$10,000 and US\$3,130.56 per US\$100,000 receipt.
Agent: Morgan Guaranty Trust Company
JPMorgan

IRELAND
US\$500,000,000
Floating rate notes due September 1998
In accordance with the provisions of the notes, notice is hereby given that for the six months interest period from 15 March 1994 to 15 September 1994 the notes will carry an interest rate of 4.02% per annum. Interest payable on 15 September 1994 will amount to US\$205.47 per US\$10,000 note and US\$5,136.67 per US\$250,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

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INTERNATIONAL COMPANIES AND FINANCE

Swire Pacific moves ahead 5.4%

By Louise Lucas in Hong Kong

Swire Pacific, the Hong Kong-based property, aviation and trading group, saw profits for the 1993 calendar year improve to 5.4 per cent to HK\$4.66bn (US\$603m). This follows a 43.5 per cent advance in net earnings in 1992.

Mr Peter Sutch, chairman, said the progress was achieved despite difficult operating conditions in the airline industry and a significant reduction in profits from the sale of investment properties in 1993.

Last week Cathay Pacific, Swire's 51.8 per cent-owned airline, reported a 23.8 per cent drop in profits largely on the back of recession in key markets, especially Japan, allied with increased competition.



Peter Sutch: advance despite airline industry difficulties

Earnings, which were at the top end of analysts' expectations, were lifted by the

group's aviation units and strong growth in net rental incomes.

Shareholders are to receive a dividend of 85 cents on the 'A' shares and 17 cents on the 'B' shares, an increase in each case of 10.7 per cent over 1992.

Swire's property division made a smaller contribution than previously, chiefly because of the reduction in profits from the sale of investment properties, which stood at HK\$396m last year and HK\$588m in 1992.

This year, and next, the property outlook will be enhanced by the group's commercial developments in Quarry Bay and the sale of further residential units in Robinson Place - both on Hong Kong Island. The group will continue to expand

its property investment portfolio - valued at HK\$66.18bn at the end of last year - following last year's HK\$2.85bn site purchase with CMC Pacific.

The industries division turned in flat earnings, with gains being offset by exceptional losses at Takook Engineering and provisions for closure costs at Swire Magnetics Holdings' manufacturing operations and Swire Duro's paint factory, which has been replaced by a new operation with ICI in Guangzhou.

On the trading front, profits slipped slightly; the sports shoe market had a difficult year while the Taiwan-based businesses involved in the distribution of imported Volvo and Chrysler cars, and Motorola cellular telephones, made the largest contribution.

Toshiba and Fujitsu back General Magic

By Michio Nakamoto in Tokyo

Fujitsu and Toshiba, two of Japan's leading electronics companies, plan to invest in General Magic, a US company developing communication software for multimedia.

The decision will help General Magic's software become the industry standard for multimedia companies.

Matsumura and NTT have already invested in General Magic, hoping to be key players in the market for products that combine the functions of computing, telecommunications and data transfer.

The US company's telepresence is a next-generation communications software that allows users to send and receive data and computer programs, while Magic Cap is a system software that provides an easy-to-use interface in personal computers.

Last week Motorola became the first company to announce a product that will use Magic Cap and Telepresence. Fujitsu plans to introduce its first product using the software in a year or two.

The main vehicle helping banks confront their bad loans is the Co-operative Credit Purchasing Company (CCPC), which was established by the banks last March, after strong public opposition towards the government's suggestion of using state funds to bail out the sector.

The banks sell their property-backed bad debt to the

end of February, it had bought Y2,877.1bn of bad debt from the banks, but collected only 0.6 per cent of total loans purchased.

At the same time, the ministry is allowing the banks to set provisions at their own discretion. According to IBCA, the UK bank credit rating agency, resolving the problem could cost the leading 21 banks more than Y10,000bn, assuming that a third of total problem loans need to be written off. Some Y4,000bn is likely to be written off this financial year, leaving Y6,000bn plus further increases in bad loans, which the agency expects will take at least three to five years for the stronger banks to resolve.

Meanwhile, the ministry of finance is to allow banks to set

pendent revaluation of its properties and investments portfolios, to HK\$36.41 per share against HK\$19.24 in 1992.

Directors are recommending a final dividend of 53 cents, up from 44 cents a share the previous year.

Earnings per share rose 40 per cent to HK\$1.58 against HK\$1.13.

The company also unveiled a massive upgrade in its net asset value following an inde-

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COMPANY NEWS: UK

Simon seeks £50m as losses rise

By David Blackwell

Simon Engineering, which yesterday announced a pre-tax loss of £160.3m for 1993, is planning a £50m rights issue.

Mr Maurice Dixon, who became chief executive in a boardroom shake-out last September, said the rights issue would be "the corner stone that puts us on a sound financial footing".

Yesterday, the shares recovered from a low of 82p to close at 117p, up 11p.

Simon, which makes access equipment including fire rescue gear, bagged its losses in January when it announced plans to raise £40m through disposals.

The deficit, which compares with a previous pre-tax loss of £1.04m, mostly reflects goodwill written off totalling

£101.5m. This followed the company's unwise diversification in the late 1980s and early 1990s, when it acquired businesses based on markets and people, and with very little assets.

The operating loss on continuing operations was £16.9m, compared with an operating profit of £7.4m last time.

Losses per share were 22.5p (3p). The board is not recommending a dividend.

Turnover from continuing operations eased to £340.2m from £343.6m. Turnover from discontinued operations was £40m (£144m).

The new management's strategy is to cut debt and concentrate on three core markets - the access division, the storage division and Simon-Carves, the process engineering contractor.

Of the three, only Simon Storage reported an operating profit for the year, up from £2.3m to £5.5m on turnover of £42.6m (£39.3m).

By the year end debt had been reduced to £117.5m from £148m when Mr Dixon took over.

After the proposed rights issue, gearing would be cut from 284 per cent to 54 per cent immediately, and Mr Dixon was confident it would be reduced to about 45 per cent by the end of this year.

However, the group would not go ahead with the rights issue until it had completed protracted negotiations with its lenders. It hoped to normalise its lending facilities so that it could grow the business to enhance shareholder value, rather than to pay down debt.

COMMENT

The shares reacted immediately to the horrible figures coupled with a proposed rights issue. But the later recovery reflects market realisation of the new management's considerable achievement since September. In the first half the company's haemorrhage of cash was continuing with an outflow of £43.7m; the second half saw a cash inflow of £13.1m. At the present rate, this year should see the completion of the restructuring, and benefits should start to flow through to shareholders in 1995. Investors who bought into the company at the 34p low last July have already done well. On balance, it looks as though the shares are still a buy, but the management is at the beginning of a very long road.

Broking strength lifts MAI to £48m

By Raymond Snoddy

MAI, the financial services and broadcasting group yesterday announced a 42 per cent increase in interim pre-tax profit to £48m mainly because of the strength of its wholesale broking business.

Turnover increased by 57 per cent to £311m and earnings per share rose by 38 per cent to 9p a share in the six months to December 31. The interim dividend stays at 2p.

Mr James McKinnon, chairman, said trading in the second six months continued to be good with high levels of activity in the financial markets and an improving trend in car sales, market research and television advertising.

The most significant development was the purchase of Anglia Television which marked a change in the centre of gravity of the company towards media and television in particular.

In February the group also increased its stake in Satellite Information Services, the company broadcasting live racing to betting shops to 17.5 per cent and sold its holding in Havas, the French media group for £45m.

Lord Hollick, chief executive expected 40 per cent of MAI's business to come from the media within the next few years although financial services will remain the core.

MAI's first big move into television - winning the ITV licence for the south of England with Meridian Broadcasting - performed better than target and made a small profit in its first year despite a difficult advertising market.

In the six months to December Meridian had a turnover of £90m and profits of £5.6m.

Lord Hollick dismissed as "much ado about nothing" reports that minority holders in Meridian, Carlton Communications and SelectTV, fear they will not get the full benefit of the Anglia deal. Some in the industry believe the relationship between Carlton and MAI may have become more edgy because of advertising sales issues.

See Lex

Rugby hits £63.8m and encouraged by outlook

By Andrew Taylor, Construction Correspondent

Pre-tax profits of Rugby Group, the supplier of cement to the UK, European and US construction industries, rose by more than a tenth last year, from £57.8m to £63.8m.

On the back of the improvement the final dividend is being lifted from 3.6p to 3.92p making a 6.77p (3.46p) total. A 1-for-1 scrip issue is also proposed.

Most forecasters had expected Rugby to do no more than hold the dividend at the previous year's level.

The rise in operating profits from £53.8m to £64.6m, of which acquisitions accounted for about £2m, was also higher than expected.

At the pre-tax level, profits were held back by a £1.2m loss on the sale of the group's French glass business at the end of last year.

Earnings per share rose by 10.7 per cent to 14.5p (13.1p).

Turnover increased by 18.2 per cent, from £550.1m to £650.4m.

The group, which also signalled that it was looking for acquisitions, was moderately encouraged about the state of construction markets in the US and Australia and in the UK.

Mr Peter Carr, managing director, said that UK cement sales had risen by 5 per cent during the first ten weeks of this year compared with the corresponding period of 1992.

Sales were not expected to continue to rise at this rate but could still increase by about 3 per cent this year provided the housing market recovery was unimpeded by tax increases and spending cuts on road building maintenance were not too deep.

Cement prices on average had risen by 4 per cent at the beginning of the month. These, unlike increases in previous years, were expected to hold although perhaps not by the full amount.

UK cement profits, boosted by a 11m pension refund, rose by 5.4 per cent last year to £17.7m. UK joinery profits, benefiting from the housing market recovery and helped by price increases, rose by 20 per cent to £17.6m.

Australian cement and lime profits, assisted by additional capacity, improved by 6.8 per cent to £12.5m.

COMMENT

Rugby's reputation as a well managed building materials group is deserved. It has ridden out the recession well and rewarded its shareholders with an early return to dividend. Profit forecasts are likely to be upgraded in the light of yesterday's figures but the rate of recovery in the UK could be slow. Pre-tax profits of £78m would put the group on a prospective p/e of 19. Most of Rugby's virtues are already recognised in this rating. Future fireworks may depend on acquisitions.

Watmoughs shows 26% rise to £15.4m

By Paul Taylor

A buoyant domestic market for colour printing coupled with expansion in Spain and Hungary helped Watmoughs (Holdings), the Bradford-based printer, report a 26 per cent improvement last year.

Pre-tax profits for the year to end-December rose from £12.2m to £15.4m on turnover up from £118.9m to £149.8m, including £14.1m from new operations.

After adjusting for the capitalisation issue in October, earnings emerged at 15.9p (13p). A recommended final dividend of 5.1p (4.4p) raises the total to 6.6p (5.75p). The shares gained 7p to close at 51p.

Mr Patrick Walker, chairman and chief executive, said the improvement reflected "further progress in the group's UK activities, a successful start to Watmoughs España, and the continued expansion of

Révai Nyomda in Hungary".

Operating profits increased by 38 per cent to £17m (£12.3m), including a £2.33m contribution from the new continental European operations.

In the UK the advance achieved during the first half continued, and profit for the year rose by 11 per cent from £12m to £13.3m, despite reorganisation and redundancy costs of £471,000.

Mr Walker said the improving trend in demand for the group's specialised gravure and web offset capacities in the UK continued throughout the year and sales rose by 12 per cent to £128.8m (£115.5m).

Net interest costs increased to £1.98m (£456,000) reflecting an increase in net borrowings to £43.8m (£26m). Gearing climbed to 47 per cent (27 per cent). The higher borrowings reflected the growth in capital expenditure last year which rose to

£25.2m, including £13.3m to complete the group's gravure investment in Spain.

COMMENT

Tighter market conditions are providing Watmoughs with the opportunity to weed out contracts with thin margins and push up contract prices by an average 3 to 5 per cent as they come round for renewal. Both moves should help push UK margins higher. The group has invested more than £100m over the past three years in the UK and overseas, and now has some of the most up-to-date presses in the industry, as well as a growing business in southern and eastern Europe. Pre-tax profits should reach about £20m this year, producing about 20.7p of earnings. The shares have doubled in the past 15 months and are now trading on a lofty prospective multiple of 24.7. A quality stock for holding.

ECC holds pay-out despite earnings fall

By Maggie Urry

English China Clays held its 20p total dividend for 1993, as promised with last year's rights issue, although earnings per share of 20.45p, against

26.72p, barely covered the payout. Mr Andrew Teare, chief executive, said the thin dividend cover had not constrained the business.

Calgon, the US-based chemicals business acquired halfway through the year for £202.3m,

partly funded by the £113.4m rights issue, contributed £7.2m to operating profits of £105.2m (£90.7m). Its purchase was "mildly earnings enhancing," Mr Teare said.

Group turnover rose 17 per cent to £1,150m, with continuing operations up 9 per cent at £1,050m. Pre-interest profits of £105.3m (£105.6m) included nearly £18m of profits on land sales, part of ECC's strategy of running down its housing land bank.

They were struck after a £1.8m of profits on disposals and £1.7m of provisions for costs of the demerger of the construction materials side. In 1992 there was a net £17.1m profit on disposals.

Interest charges rose by £11.8m to £17.2m, to leave pre-tax profits down from £100.2m to £88.1m.

At the operating level, ECC International, the minerals division, increased sales volumes by 2 per cent, but a

squeeze on prices and cost increases cut operating margins from 15.6 to 11.1 per cent, with operating profits down from £51.8m to £74.4m, before £3.3m of rationalisation costs.

Construction materials profit recovered from £15.5m to £16.5m, before an asset write down of £1.4m (rationalisation costs of £5.5m).

Construction, which included the land sales, chipped in £20m (£8.3m).

Gooding Consumer joint venture with Grundig

A UK-based joint venture set up by Gooding Consumer Electronics and Grundig announced plans yesterday to become a brand leader in the market for satellite television reception equipment with a 30 per cent market share within three years, writes Paul Taylor.

Grundig Satellite Communications, which claims to be the first launch of a large UK consumer electronics company in 20 years, plans to design and build the equipment at a plant in Llantrisant, Mid Glamorgan providing an initial 200 jobs, rising to 600 in three years.

Production will begin the end of March and the company aims to be producing 1m satellite receivers a year by the end of 1996.

The majority 70 per cent stake in the new company is

held by Gooding Consumer Electronics with Grundig holding the balance. Gooding Consumer is owned by Mr Alfred Gooding with a minority holding by Mr Koen van Driel, a former managing director of Grundig UK.

The new company will initially concentrate on the UK, expanding in the second half into continental Europe and the newly-emerging Asia markets. Investment in the project over the first three years is expected to be £2.5m.

Reed results

Reed Elsevier, Reed International and Elsevier are announcing preliminary results on Thursday, not Wednesday as reported yesterday.

Dividends shown pence per share net except where otherwise stated. †On increased capital. ‡USM stock. *Adjusted for capitalisation issues.

U.S. \$100,000,000

GW

Great Western Financial Corporation

Floating Rate Notes Due 1995

Interest Rate 5 1/4% per annum

Interest Period 15th March 1994

15th June 1994

Interest Amount per U.S. \$50,000 Note due 15th June 1994 U.S. \$670.83

CS FIRST BOSTON Agent

TEMPLETON GLOBAL STRATEGY SICAV
Société d'Investissement à Capital Variable
2, boulevard Royal, Luxembourg
R.C. Luxembourg B - 35117

DIVIDEND ANNOUNCEMENT

TEMPLETON GLOBAL STRATEGY SICAV will pay on March 18, 1994 the following dividend against presentation of the respective coupon:

Templeton US Government Fund: USD 0.04 coupon no 28

Paying Agent in Luxembourg:
Banque Internationale à Luxembourg
2, boulevard Royal
L-2449 Luxembourg

The fund is traded ex-dividend as from March 11, 1994.

For any queries, shareholders are invited to contact Templeton Investment Management Limited - Edinburgh, Tel: 031-228 4506

The Board of Directors
Luxembourg, March 1994

SCOR S.A.

1993: Recovery

SCOR posts net income of 177 million francs for 1993

Chaired by Patrick Peugeot, the SCOR S.A. Board of Directors met on 9 March 1994 to review the Group's consolidated financial statements and to approve the parent company's accounts for the 1993 financial year.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE SCOR GROUP

(in FF million)	1992	1993
Gross turnover*	9,739	11,644
Net turnover*	7,901	9,847
Total net income	-125	177
Group net income	-125	157
Net technical reserves	15,462	18,225
Total capital equity	4,309	4,941
Assets under management	18,200	21,786
		+3,586

* Including adjustment relative to deduction of policies ceded by UWP to SCOR SA and other 100% - re-assured

Whereas the disappointing results of the years from 1989 through 1992 were due to both the high number of disasters and the weakening of tariffs, 1993 witnessed a significant recovery mainly in Germany, the UK and France, thereby confirming the indications made by insurers at the end of 1992. Compared to 1992, natural events outside France were as frequent, but less costly.

Under these conditions, the increase in the SCOR SA Group's net premium has been impressive: +25%. During this financial year, net technical reserves increased by 18%, in the absence of major disasters, to reach 18.2 billion francs. Against a background of falling interest rates, net investment income (results from operations and capital gains) reached 1.7 billion francs, up by 11%. The net group income of 157 million francs exceeded forecasts and marks the beginning of a clear recovery.

PARENT COMPANY FINANCIAL STATEMENT

Net income for the financial year, after tax, employee profit-sharing and depreciation expenses and provisions, amounts to 46.3 million francs. The Board has decided to propose to the Annual General Meeting that a dividend of 9 francs, including tax credit, be distributed.

EXCERPT FROM SKANDIA'S YEAR-END REPORT ON 1993 RESULTS

- Skandia is an international group engaged in insurance and financial services, with a home market in the Nordic countries.
- Skandia's primary focus is on the Nordic countries, where operations are conducted through a unique cross-border coordination, and on the private savings market - mainly through the rapidly growing unit linked assurance operations.
- Skandia's life assurance operations accounted for 47 per cent of total new sales in the Swedish market 1993.
- The reinsurance and non-life insurance operations outside the Nordic countries are being consolidated to limit Skandia's risk exposure.

SKANDIA REPORTS STRONG IMPROVEMENT IN RESULTS

- * The management operating result, which includes changes in surplus values, amounted to MSEK 4,069 (-3,721).
- * The reported operating result of MSEK 2,010 (-3,240) was the best in Skandia's history.
- * Net asset value rose by MSEK 4,406 and amounted to MSEK 18,781 at year-end 1993. This corresponds to SEK 206 (146) per share.
- * The solvency margin rose from 81 to 84 per cent in 1993.
- * The Board of Directors proposes that a dividend of SEK 2 (0) per share be paid to the shareholders.
- * A new share issue, totalling approximately SEK 3 billion, is planned.
- * The Annual General Meeting will be held on April 14, 1994.

SUMMARY OF RESULTS

MSEK	1993	1992
Insurance, non-life insurance and reinsurance	633	-994
Investment management, investment assets		
Direct investment income	3,010	3,218
Changes in value	2,879	-1,785
Currency variations	-102	-108
Investment result	5,787	1,227
Investment income applicable to the insurance operations	-2,902	-2,944
Investment income, net	2,885	-1,617
Management operating result		
non-life insurance and reinsurance	3,418	-3,011
Result, life companies	28	-34
Result, unit linked companies	-28	-110
Change in surplus values of unit linked funds	548	272
Management operating result, life insurance	848	128
Other changes in value	362	280
Result, associated companies	1,306	-608
Result of operations	5,834	-3,203
Result, finance companies	-389	-208
Result from sold and discontinued operations	-39	-190
Profit-sharing system	-146	-
Joint-group operating expenses	-142	-245
Amortization of goodwill	-321	-245
Interest expenses on loans	-598	-622
Management operating result, group	4,069	-3,721
Of which, changes in surplus values of assets	2,059	-481
Operating result, group	2,010	-3,240
Minority interests	-67	10
Taxes	-559	861
Net profit for the year	1,384	-2,368

Skandia

S-103 50 Stockholm. Tel +46 8 788 10 10

Fairey impresses City with 27% rise to £21.8m

By Tim Burt

Shares in Fairey Group climbed 18p to 750p yesterday after the specialist electronics and engineering company unveiled a 27 per cent rise in 1993 pre-tax profits to £21.8m.

The improvement was fuelled mainly by the electronics and electrical power division, which contributed £14.5m (£10.7m).

Mr John Poulter, group chief executive, said the division, representing 68.6 per cent of operating profits and 62 per cent of turnover, was the driving force behind the company and would be the focus of further expansion.

The group is understood to have identified a number of potential acquisitions and is said to be in talks with several target companies.

Such acquisitions are expected to be funded from the group's positive net cash balance of £10.2m (£2.14m), although Mr Poulter did not

rule out coming to the market if a larger opportunity emerged.

He said Fairey's ability to expand had been underpinned by increased profits in the group's two other core businesses - aerospace and defence, which reported gains of £3.34m (£2.24m) and filtration and specialised ceramics, ahead 18 per cent at £3.4m.

Together they boosted total operating profits by 36 per cent to £21.8m (£15.8m) and lifted group turnover to £130.2m (£104.3m).

Mr Poulter said the results had also benefited from a firm currency gain on earnings by US subsidiaries.

While welcoming the "healthy figures", Mr Michael Fay, group finance director, said earnings per share of 97.8p (33.4p) had not advanced further because of tax changes in the US and the diluting effect of a £10.3m vendor placing in 1992 to acquire

Infrared, the gauges business. A final dividend of 8p makes an 11.8p (0.2p) total. A 1-for-1 scrip issue is also proposed.

COMMENT

Despite its bulging wallet, Fairey is not about to embark on a shopping spree. It has a reputation for spending money only on companies which can deliver high margins in difficult markets. That cautious approach has, for example, won new business for the aerospace and defence business at a time when the industry is contracting. Impressed by a management whose catchphrase could be "the price is right", analysts are not expecting dilutive acquisitions and have upgraded profit forecasts to £24m. Although that puts the shares above the sector average on a prospective multiple of 18.5, it could be a price worth paying for a business which last year reported underlying cash generation of £12.4m.

Cookson in £72m engineering disposals

By Simon Davies

Cookson, the specialist industrial materials group, yesterday completed the latest phase of its strategic restructuring, with the £72m sale of 25 engineering subsidiaries, through a management buy-in.

Cookson will record a book loss of about £6m from the transaction, but Mr Richard Oster, chief executive, said he felt Cookson had achieved a good price for businesses which posted pre-tax profits of £4.3m in 1993.

"In March 1993, we talked about divesting businesses that didn't fit into our core strategy for the future", said Mr Oster. "This concludes the short-term divestiture programme now we have to focus on building up these core businesses."

The proceeds will help fund expansion in its strategic core, electronic materials, ceramics, precision metal fabrication and plastics. Analysts believe this will include small bolt-on acquisitions.

The companies sold by Cookson employ 1,800 people and are involved in industrial materials, precision castings and aluminium.

They are being purchased by a management team put together by Mr Jim Cooper, former business development director of John Wood. It will be renamed Calder Group.

Morgan Grenfell and its development capital arm, have underwritten the deal which involves £84.5m of funding to cover the acquisition cost and to build up working capital. The management will have a 17.5 per cent stake, with a performance-related option for a further 2.5 per cent.

Cookson has been paid £69.4m in cash and will receive a further £0.3m in September. The Calder Group companies have also repaid £7.3m of inter-group loans from Cookson and have taken on £2.2m in external debt.

Cookson could receive as much as £10m, if Calder is sold or floated within a five year period. The size of payment depends on the value of the transaction.

Traffic side helps Peek to £7.7m

By Simon Davies

Peek, the international traffic and field data systems group, announced pre-tax profits up from £4.84m to £7.7m for the year to end-December, aided by a strong performance from its traffic business.

Turnover rose 13 per cent to £100.6m (£88.8m), but organic growth was only 5 per cent, as a result of weak UK and US markets and a fall in orders from Husky, its mobile data systems company.

Peek has expanded aggressively through acquisition in the past five years, building up its traffic business from 28 per cent of group sales to its present level of 70 per cent.

Traffic operations focus on systems and products related to traffic evaluation and control, and in 1993 the division contributed £7.1m in trading profit, up from £6.6m.

Peek invested about £1.7m in building up its presence in Asia, Germany and the US, during the year, and this should be reflected in stronger 1994 figures. It has picked up a £5m order to develop a traffic control system in Bangkok, and contracts worth £8m for a second phase of this system are under negotiation.

Mr Allen Standley, chief executive, said Peek was tendering for £50m of contracts in

Asia, including a number of projects in China, through a 41 per cent owned joint venture. Field data operations saw trading profit fall to £1.9m (£2.12m), primarily due to delayed orders, but the company said Husky experienced "an excellent order intake in the fourth quarter".

The final dividend is maintained at 2.35p, for an unchanged 3.4p total. Earnings per share were 4.6p, against 7.2p, although the 1992 figure was significantly inflated by the release of tax provisions.

Peek will have a 17 per cent stake in TrafficMaster, the traffic monitoring system producer, following its imminent flotation. Peek said this was a long-term strategic investment.

COMMENT

Peek has succeeded in developing a dynamic and broadly appealing business, traffic control, but it has yet to translate this into strong organic growth. The longer term potential from new developments, such as electronic vehicle tagging, is enormous. But in the shorter term, Peek's earnings growth will be more pedestrian. Pre-tax profits should increase by 10 per cent to £8.5m in 1994. The shares are on a prospective p/e of 19 and a yield of 3.7 per cent, which appears to leave it fully valued.

Sea Containers rises and plans expansion

Sea Containers, the Bermuda-based leisure, ferry and container leasing group, reported net earnings up by 8 per cent from £39.5m to £42.9m (£29.3m) for the 1993 year.

Revenue fell from £421m to £417m, principally because of the strengthening of the dollar against the pound. Earnings emerged at £2.66 (£2.35).

The company also announced two share transactions. With a view to acquiring the 58 per cent of Orient-Express Hotels it does not already own, it is offering 0.17 Class A Sea Containers common shares for each Orient-Express common share.

If, following the offer, it

owns more than the 50 per cent of Orient-Express, it intends to merge it with a Sea Containers subsidiary on the same exchange ratio basis as the offer. In addition, Sea Containers plans a public offering of 5m Class A common shares with the primary purpose of retiring the 2.3m 1982 series £2.10 cumulative preferred shares at their current redemption price of \$15.56 apiece.

The dividend rate on these shares is 14 per cent a year. The additional equity, in combination with bank borrowings, will help the company fund its container and ferry capital expansion programme, the company said.

Listing for GRT Bus

GRT Bus Group, the Aberdeen-based bus and coach operator, is to seek a listing next month. The flotation is likely to be by way of a placing arranged by James Capel.

The company was formed to effect a management-led employee buy-out in January 1989 of Grampian regional council's bus and coach operations, when Grampian Regional Transport became the first Scottish municipal bus company to be privatised.

The group employs 1,850 people and operates a fleet of 725 vehicles.

Employees currently hold 39 per cent of GRT's equity and the management a further 51 per cent.

Since the buy-out, GRT's turnover has risen from £11.5m in 1989 to £23m in the year to March 1993, with operating profits rising from £850,000 to £3.6m. This excludes the Leicester and Northampton operations - acquired in the latter part of 1993 - which had 1993-93 turnover and profits of £16.8m and £894,000.

Growth in SE Asia behind JIB advance

By Richard Lapper

Growth in south east Asia and the strength of the US dollar helped JIB Group, the insurance broker in which the Hong Kong-based Jardine Matheson has a 61 per cent interest, increase its pre-tax profits by 20 per cent in 1993.

Profits for the year to the end of December came at £21.8m (£18.2m), at the upper end of expectations.

Earnings per share amounted to 11.4p, against 9.5p.

The company is recommending an unchanged final dividend of 5p per share, making a same-again total of 7.5p.

Profits from south east Asia rose by 45 per cent to £7.58m (£5.28m), more than a third of the total.

Overall turnover increased by 16 per cent to £213.7m, while expenses rose by 12 per cent to £197.7m.

After adjusting for the effects of acquisitions and

exchange rates, underlying revenues grew by 3 per cent.

COMMENT

Investors responded positively to yesterday's results marking the share up 19p to close at 199p. The question, now, after a period of underperformance, is how much more does JIB have to offer?

The main problem is the group's dependence on the highly competitive US market for more than a third of its business. With the long-expected turn in the market proving to be something of a mirage, JIB will do well to maintain its margins. On the plus side more currency gains are possible this year, and further growth from south east Asia seems likely. Profits of £25m for 1994 look likely, putting the share on a prospective multiple of 16.2. The prospect of an 8p dividend this year provides yield support. Even so, some of JIB's rivals among the medium sized insurance brokers may offer better value.

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N M Rothschild & Sons Limited

February 1994

This announcement appears as a matter of record only.

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CS FIRST BOSTON

February 23, 1994

COMPANY NEWS: UK

Latest to join growing list of share issues from UK housebuilders
Persimmon calls for £49.2mBy Andrew Taylor,
Construction Correspondent

Persimmon yesterday joined the growing list of UK housebuilders to announce share issues to finance land purchases and take advantage of the housing market recovery. The company is raising £49.2m in an underwritten rights issue by offering shareholders shares at 282p apiece on a 2-for-11 basis.

Persimmon also announced a 96 per cent jump in 1993 pre-tax profits to £18.6m. Earnings per share doubled from 6.8p to 13.7p. The dividend for the year is raised from 8.6p to 9.2p, with a 6.2p final.

The group's share price slipped from 337p to 339p following the rights issue announcement.

Housebuilders by this spring will have raised substantially more than £1bn from rights issues, share placements and flotations since the beginning of last year. Some of this money has been used to repair balance sheets but a good proportion has been set aside to acquire land.

To support sales of 4,000 homes a year by the mid-1990s, compared with 2,973 sales last year, Persimmon says it will



Duncan Davidson: family holdings cut to 16.4 per cent

need to increase the number of plots owned with planning permission from 15,200 to 20,000.

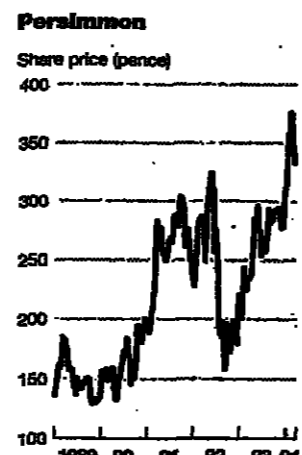
The effect of the issue would be to leave the group with virtually no debt. Borrowings, however, would be expected to rise as land buying and output increased.

Mr Duncan Davidson, chairman, said: "Depending upon the strength of the market we would be comfortable with forward orders, including reservations,

debt of up to £30m at our present size."

He added the group had usually financed land purchases out of shareholders' funds, leaving work in progress to be financed by borrowings. He and his wife Sarah, are not taking up their rights, reducing the family holdings from 19.4 per cent to 16.4 per cent.

Persimmon said that recovery in the housing market was continuing with forward orders, including reservations,



Source: FT Graphicals

more than 10 per cent higher during the first ten weeks of this year than the corresponding period last.

Prices had also risen a little. The average price of a home was currently about \$64,000, compared with \$61,000 last year. Part of this increase was due to change in product mix but some of it was due to a genuine rise in prices.

Turnover in 1993 increased from £140.8m to £168.3m.

COMMENT
The latest cash call by Persimmon on its shareholders is a little bit cheeky. Since the end of 1990 the number of Persimmon shares in issue will have risen by 49 per cent from 77.8m to 116.1m following the latest rights issue. The offer price is at a sufficient discount to be attractive to shareholders and the rights should be taken up.

Persimmon's net margins have climbed to more than 10 per cent after interest and are better than many of its competitors. Nonetheless, some of the gloss has gone off the company as it has embarked on an ambitious expansion programme. A pre-tax profit of £27m for the current year puts the group on 19 times earnings which is probably high enough.

Efficiency gains help Greggs rise 29%

By Chris Tighe

Greggs, the baker, reported a very good 1993, with pre-tax profit up 29 per cent to £29m for the 53 weeks to January 1, against £26.97m for the 52 weeks to December 26 1992.

Turnover rose 9.3 per cent to £110.4m (£101m), or 8 per cent adjusting for the effect of the extra week.

The company said an improvement in its pre-tax margin from 6.5 per cent to 8.2 per cent reflected productivity gains and improved energy efficiencies.

Earnings per share were up 30 per cent to 53p (40.6p). A proposed final dividend of 12p makes a total of 15p (15p), an increase of 20 per cent.

In January, Greggs opened its 500th shop and plans to add a net 20 outlets this year. "We're the biggest retail bakery company in Britain and the most profitable," said Mr Keith Bradshaw, chairman.

During 1993 its London business, acquired in 1987 and since expanded, moved into profit for the first time. All other divisions improved their performance and profitability, with Scotland showing the best profit increase.

Mr Keith Bradshaw, chairman, said that Greggs's fee rates in the south-east averaged £340 a week, compared with £385 elsewhere, which would cover higher wage rates and land prices.

The group beat its rights issue profit forecast of at least £14.8m in 1993, recording pre-tax profits up from £11.8m to £14.8m, including a £371,000 exceptional profit on the sale of a nursing home.

Britain, he thought, placed too much emphasis on efficiency and too little on making products people wanted to buy. "I see more talk about getting unit costs down than about making excellent products. If they aren't going to enjoy the product it doesn't matter how cheap I make it."

Horlicks was acquired from SmithKline Beecham in 1989 in a management buy-out, and currently produces some 5,000 tonnes of Cheddar cheese per annum, which is exported throughout the EU. Turnover for the year to March 1993 was £22m.

The current management team of Horlicks, headed by Mr Stephen Curtis, the managing director, is to be kept in place.

Mr Dennis Lucy, chief executive of Dairygold, said the acquisition was, "an important part of our strategy to develop our dairy business throughout Europe".

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The disposals represent the first steps of the strategy of disposing of businesses which do not meet the group's financial criteria.

H Young, the Henley-based purchaser, is a marketing and distribution company. Completion is scheduled for March 31.

Takare founder ousted

By Maggie Urry

A ferocious boardroom row over management style at Takare ended last Friday afternoon when Mr Deverock Pritchard, one of the group's founders, was stripped of his executive duties.

He was managing director and deputy chairman and is likely to receive compensation of about £130,000.

However, Mr Pritchard, 52, appears to have dug his heels in remaining a non-executive director and can only be removed by a vote of shareholders. He holds 12.8m shares, 10.2 per cent of the total and was not available to comment either on his removal from office or any plans to sell the shares.

Mr Keith Bradshaw, chairman, who set up

Takare with Mr Pritchard 14 years ago, said he hoped for a resolution of the position before the annual meeting on April 31.

In a strongly worded statement he said the entire board, aside from Mr Pritchard, had decided to "terminate" Mr Pritchard's position as managing director. The disagreement was "not susceptible to any other solution".

Mr Bradshaw said that the style needed to manage a group employing 7,000 people was very different to the entrepreneurial style appropriate when Takare was founded.

Mr Hamilton Anstead moves up from deputy managing director to managing director, and Mr Ron Reid, finance director, adds commercial director to his role. Mr David Pegg, a non-executive, becomes deputy chairman.

Profits ahead of forecast at £14.9m and south-east targeted

By Maggie Urry

Takare, the nursing home group, is targeting the south-east of England for new development. More than half the beds now under construction are in the south-east. At present only two of the group's 39 homes are in the area.

At the year end the group had net cash of £10.1m. However, £50m of debentures pay interest at 11.8 per cent while its cash deposits earn less than half that.

Capital spending dipped to £33.6m (£40.5m) in 1993 as Takare delayed new construction while the community care reforms were implemented.

During 1993 the group added 2,295 beds to take its total to

5,340 at the year end, with another 1,290 under construction. This year capital expenditure of about £50m is expected, with 1,500 to 1,800 beds under construction.

Mr Bradshaw said following the rights issue, Takare was able to fund a greater proportion of its development from its own resources, and would not contemplate joint ventures or sale and leasebacks to pay for expansion.

COMMENT
Aside from the unfortunate management wrangle, and the question over Mr Pritchard's shareholding, the Takare story has not changed. Indeed, the south-eastwards move is to be welcomed. However, following the rights issue and a rising tax charge, earnings growth will be dull this year, to be resumed next. On forecasts about £21m pre-tax, the prospective p/e is in the region of 18, with the shares down 8p at 266p. After a good run post the rights, which came in 1992, the shares should mark time for a while.

Operating profits were 59 per cent higher at £17.4m (£10.5m). However, interest payable of £2.8m (receivable £941,000), after capitalising £2.39m (£4.16m), held back the pre-tax profits growth. Takare received the £65m rights proceeds in mid-November.

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Mr Bradshaw said following the rights

Balance sheet back in shape after Australian coal mining disposals

Costain £68.7m in the black

By Andrew Taylor,
Construction Correspondent

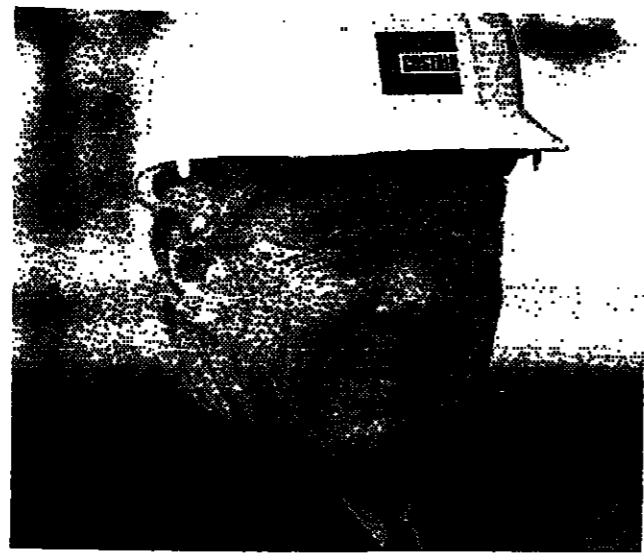
Costain Group, the construction and mining group which was seriously threatened during the recession, bounced back into the black with pre-tax profits of £68.7m for 1993.

That compared with losses of £204.8m for the previous year. The directors said, however, that trading conditions remained difficult and that it was unlikely dividend payments would be resumed before 1995.

All but £200,000 of last year's profits was raised from the sale of the group's Australian coal mining business to Peabody, part of Hanson, the industrial conglomerate.

The sale, together with proceeds from last autumn's £83.9m rights issue, enabled Costain to reduce net debt from £331m to £283m taking gearing down to 37 per cent of increased shareholders fund of £228m.

Interest costs, however, rose from £18.9m to £22.1m due mainly to the strengthening of the US dollar and bringing off-balance sheet loans on to the balance sheet. Mr Peter Costain, chief executive, said interest payments should fall sharply in the current year



Peter Costain: interest payments should fall sharply this year

when the group would have the benefit of sale and rights issue proceeds for a full 12 months.

Nonetheless, borrowings were likely to rise again this year due to the timing of capital investment in the US, payments to US sub-contractors and spending on the Spitalfields development in London. Borrowings were expected to fall sharply again in 1995.

Turnover on continuing

activities remained static at £1.1bn (1.17bn) while earnings per share recovered to 18.8p (losses 84.9p), including profit on disposals.

In addition to its financial achievements, the group also increased operating profits. Engineering and construction made profits of £14.7m (£5.3m deficit) on a reduced turnover of £50.8m (£59.4m). Almost two-fifths of the group's construction order

book is for higher margin overseas work, of which about half is in Hong Kong where the group is involved in the construction of the new airport and the Tsing Ma bridge.

US coal mining also reported improved profits which rose from £6.1m to £8.3m. Severe winter weather, however, had meant that the business had got off to a poor start in the first few months of this year.

COMMENT

Costain, having got its balance sheet back in shape, has made no secret of the fact that it faces another tough trading year. Forecasts for 1994 profits will not have been improved by warnings of a poor start by US coal and a slowdown in the rate at which international construction orders are being won. Meanwhile, gearing could climb to more than 50 per cent this year before getting back to nearer 30 per cent in 1995. Group profits for 1994 may be no more than £5m-£8m. Analysts are looking for no more than £15m in 1995 but this could rise further if Costain's investment to improve coal mining productivity starts to pay off. The stock has been through too much to start recommending it now on the basis of jam tomorrow.

BSM tops flotation profit forecast

By David Blackwell

BSM Group, the owner of the British School of Motoring which was floated last October, increased both operating profits and turnover by 12 per cent for the year to the end of December.

Operating profits rose from £4.1m to £4.63m, just ahead of the £4.55m forecast in the prospectus. Turnover rose from £21m to £23.6m.

Mr Paul Massey, chief executive, said the company was delighted to have beaten its profit forecast. After clearing about £30m of debt with the proceeds of the flotation, the group was in a good financial position for the future, with a strong balance sheet and high cash generation.

At the pre-tax level profits were £1.02m, after paying net interest of £3.77m. That compares with a loss of £28,000 for 1992 after paying net interest of £4.69m.

A high tax charge of £298,000, or a little less than 70 per cent, depressed earnings per share to 2.2p, compared with losses of 10.2p last time. From now on the group expects a constant tax charge of about 25 per cent as it takes advantage of capital allowances on its fleet of 2,000 cars.

The group said pre-forma pre-tax profits were £4.47m, up from a pre-forma £4.06m for 1992. With tax at 25 per cent, pre-forma earnings were 11.8p (10.7p). The pre-forma net interest payment was £154,000, compared with £45,000.

As forecast in the prospectus, this year's interim dividend will be the first to be paid, but the company estimated a pre-forma dividend of 5.75p for 1993.

BSM is the UK's biggest driving instruction company, operating 134 branches and 2,000 franchised instructors. It said the decline in the UK market, which has been in double figures, levelled out last year, falling just 2 per cent. BSM's own business rose by 4 per cent.

The group also operates a health and safety division which provides training to company car drivers, and MCR, its maintenance arm which is expanding beyond BSM's own fleet. These two accounted for 10 per cent of turnover.

Research costs leave Scotia loss at £6.35m

By David Wighton

Scotia Holdings, the pharmaceuticals company built on sales of evening primrose oil, yesterday reported buoyant demand for its existing products as it reported its first figures since its October flotation.

Sales for the year to December 31 rose 9 per cent to £15.2m in 1993, boosted by a new UK distribution agreement and the re-entry of its nutritional products into the US market. Operating profit slipped 8 per cent to £3.92m before research and development spending of £3.52m, up 11 per cent.

After a net £3.8m exceptional debit, covering items referred to in the prospectus, there was a pre-tax loss of £6.35m, up from £389,000 in 1992.

Scotia's research focuses on lipids, important constituents of the membranes which surround cells.

However Mr David Horrobin, founder and chief executive, said the level of interest in lipid technology was increasing very quickly.

He pointed to the fact that 22 hospitals around the world had now applied to enrol patients in phase III trials of Scotia's EPI3 compound for use in treatment of pancreatic cancer. "Everyone seems to want to join the trial and there is a feeling that something very exciting is happening."

Scotia's most advanced product, for complications of diabetes, is in phase III trials with 700 patients. These should be completed by the end of the year.

Last year's flotation raised a net £37m, rather more than originally planned, and Mr Horrobin said this had enabled the company to push ahead faster than expected with some of its less advanced products. These include compounds aimed at rheumatoid arthritis and angiolipids, which have just started phase III trials.

There was a loss per share of 12.5p. The shares, which were offered at 250p, reached a high of 232p shortly after the flotation before falling back below the issue price. Yesterday they added 10p to 256p.

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Acquisition helps lift ISA to £4.3m

By Tim Burt

ISA International, the computer equipment distributor, reported a 57 per cent increase in profits following a strong performance by its new Scandinavian subsidiary.

A £668,000 contribution by CTS Svenska, acquired for £3.5m in February last year, lifted pre-tax profits to £4.3m in the 12 months to December 31, against £2.7m in 1992.

The comparative figure was restated using average currency conversion rates rather than year-end figures to calculate overseas profits.

After stripping out CTS Svenska's gains and a £236,000 downward re-adjustment of the 1992 results, the group saw underlying profits grow 33 per cent to £3.6m.

Mr John Parkinson, chairman, said the improvement reflected a new emphasis on direct sales rather than dealer distribution.

The move helped operating profit increase to £4.7m (£3.38m), while turnover rose 24 per cent to £140m (£113m). Having initiated that strategy, however, Mr Parkinson

announced his retirement to make way for "someone with more experience of strategic marketing".

Signalling a shift in the overall direction of the group, he added: "The company would benefit from a change in operational leadership. We'd like to see further improvement from some subsidiaries and new products introduced."

The review persuaded the board to invest £4m on a new computer system designed to cut costs and offset the effect of tighter margins in Europe.

Mr Parkinson hinted that ISA was also considering further acquisitions, which would be funded from reserves of £2.4m left over from its £7m placing and offer to acquire CTS Svenska.

Earnings per share rose 35 per cent to 7.46p, against a restated 5.52p. A final dividend of 1.1p makes a 1.65p (1.5p) total.

The shares closed up 5p at 136p.

Calderburn 25% lower at £2.1m

Calderburn, the Preston-based office furniture group, returned pre-tax profits of £2.1m for 1993, a 25 per cent shortfall on the previous year's £2.83m.

The 1993 figure took account of non-recurring costs of £400,000, but excluded any contribution from Specialised Banking Furniture International, acquired on December 29.

Turnover improved from £25.9m to £26.7m. Earnings emerged at 5.7p (7.4p) but "reflecting confidence in future prospects" the total dividend is held at 7.7p via a proposed final of 4.9p.

The directors said there had been a strong start to the year across the group with order intake for the opening two months well ahead of the comparative period of 1993.

They added that a continuation of the current trends would lead to an improved performance for the first half.

The enlarged factory at Altham will be completed on schedule in July and directors stated that it would be within the budgeted cost of £4m.

NEWS DIGEST

Automagic jumps to £163,000

Automagic Holdings, the shoe retailer and key cutter, more than doubled pre-tax profits from £76,000 to £163,000 in the 28 weeks to January 8, on a reduced turnover of £6.01m, against £6.38m.

The company attributed the improvement to greater efficiency at controlling overheads. It had also reorganised field operations management in readiness for expansion.

The directors were confident that "the out-turn for the year as a whole will prove to be another positive milestone".

A programme of further restyling and opening of new branches was well under way, some of which would be completed by the year end. Further disposals were planned, several of which were well advanced. Interim earnings per share were up by 1p to 1.9p. There was again no interim dividend.

Abtrust Lloyd's has £38m commitments

Abtrust Lloyd's Insurance Trust, one of the trusts set up to take advantage of the acceptance of limited liability capital, has taken underwriting commitments of £38.5m for the 1994 year of account.

The trust said that it had taken a cautious approach and the commitments represented 66.8 per cent of its overall premium limit as allowed by Lloyd's.

Its exposure follows the average for the Lloyd's market except for being above average in non-marine property loss or damage and non-marine general liability and slightly below average for aviation and personal accident.

For the 1995 year it is looking to achieve underwriting up to its limit. The information came with a report of results from its incorporation on August 25 to November 30 showing net revenue of £19,560 and net asset value per share at the end of the period of 95.13p. It was granted corporate

membership of Lloyd's from January 1. Its next reporting period will be the 16 months to March 31 1995.

The net £28.7m proceeds of the public issue has now been invested resulting in a net asset value of 95.9p at February 28.

TR Property Trust share issue

TR Property Investment Trust is considering increasing its size substantially with a conversion share issue to raise new capital by means of a placing and open offer.

The trust says it is also considering the acquisition of a portfolio of investment properties.

Berisford makes £7m property sale

Berisford International, the food, financial services and property group, through Berisford Property Investments, has sold the Castlehill Industrial park in Stockport, Gtr Manchester, for £7.63m, or £7m net

of voids and expenses. The property is a fully-let industrial investment of 150,000 sq ft.

Tom Cobleigh completes pub brawl

Tom Cobleigh, the Nottinghamshire-based pub chain, has completed the acquisition of 51 pubs from Whitbread.

Directors stated that the company had signed a £20m term loan facility, with a group of banks, to fund its expansion plans. Some £13.5m would be drawn immediately to replace borrowings and to satisfy the undisclosed consideration.

Tate & Lyle £7m purchase

Tate & Lyle, the sugar and sweeteners group, has paid £7.2m for Hacham Holdings, a feed and fertiliser business owned by Cultor of Finland. Hacham comprises FSL Bells, a farm feed supplement business, and Soil Fertility Dums, a specialist fertiliser company.

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (ECU). The ECU exchange rate shows the number of national currency units per ECU. The nominal effective exchange rate is an index with 1985=100.

UNITED STATES					JAPAN					GERMANY					FRANCE					ITALY					UNITED KINGDOM					
Exports	Imports	Current account balance	Service account balance	Effective exchange rate	Exports	Imports	Current account balance	Service account balance	Effective exchange rate	Exports	Imports	Current account balance	Service account balance	Effective exchange rate	Exports	Imports	Current account balance	Service account balance	Effective exchange rate	Exports	Imports	Current account balance	Service account balance	Effective exchange rate	Exports	Imports	Current account balance	Service account balance	Effective exchange rate	
1985	279.8	-174.2	-182.5	0.7823	100.0	290.8	76.0	64.5	180.50	100.0	242.8	33.2	21.7	2.2260	100.0	133.4	-3.8	-0.2	6.7942	100.0	103.7	-18.0	-5.4	144.30	100.0	132.4	-5.7	3.8	0.5890	100.0
1986	290.9	-140.8	-152.7	0.8836	80.2	211.1	98.2	88.9	165.11	124.4	246.6	53.3	40.3	2.1279	106.8	127.1	0.0	3.0	6.7946	102.8	99.4	-2.5	-1.4	146.16	100.0	108.3	-14.2	-1.3	0.7008	91.6
1987	220.2	-131.8	-145.0	1.1541	70.3	197.3	86.1	75.5	166.58	133.2	254.3	56.6	39.8	2.0710	113.3	128.3	-4.8	-3.7	6.8285	103.0	100.7	-7.5	-2.1	149.43	101.2	112.3	-16.4	-7.1	0.7047	90.1
1988	272.5	-100.2	-107.5	1.1833	86.0	218.8	80.7	66.6	151.51	147.3	272.6	61.5	42.9	2.0739	114.8	141.9	-3.8	-3.4	7.0584	100.8	109.3	-9.9	-8.0	153.68	97.8	120.9	-32.3	-25.0	0.6943	85.5
1989	320.2	-82.2	-82.2	1.1017	92.4	245.3	70.5	52.4	151.67	141.9	310.2	63.3	32.3	2.0521	113.5	162.9	-6.3	-3.5	7.0169	98.8	127.8	-11.3	-17.0	159.02	98.6	137.0	-38.7	-33.5	0.6728	82.6
1990	308.0	-79.3	-72.1	1.2745	65.1	220.0	50.1	28.3	188.94	126.0	323.3	51.5	37.2	2.0537	118.1	170.1	-7.2	-7.2	6.9302	104.8	133.6	-9.3	-18.0	152.32	100.6	142.3	-28.3	-25.6	0.7150	91.3
1991	340.5	-63.5	-8.7	1.2957	64.5	247.4	63.1	62.9	168.44	137.0	327.4	11.2	-16.2	2.0480	117.7	175.4	-4.2	-4.8	6.9643	102.7	137.0	-10.5	-17.1	153.13	98.9	147.7	-14.7	-10.9	0.7002	91.7
1992	345.8	-84.1	-51.2	1.2957	82.9	254.8	101.8	98.8	164.05	142.9	330.5	18.8	-19.5	2.0187	121.2	182.5	4.8	2.7	6.8420	108.0	137.9	-8.0	-20.8	158.15	96.7	145.5	-18.2	-11.8	0.7359	88.4
1993	387.2	-98.9	-1.705	95.6		300.3	120.8	111.0	150.31	173.8			-18.8	1.8537	124.6	177.8	13.3		6.6281	108.3			163.67	79.6	155.4	-17.3		0.7780	80.2	
1st qtr.1993	95.1	-21.8	-18.7	1.1920	88.4	72.4	30.2	30.6	144.38	158.5	78.9	4.5	-4.0	1.9476	125.6	43.0	2.2	1.0	6.8067	110.0	32.4	0.8	-2.4	183.98	80.5	37.5	-4.2	-3.7	0.8017	78.5
2nd qtr.1993	95.3	-25.4	-22.5	1.2383	84.3	73.4	29.0	28.4	136.76	172.4	75.1	7.8	-2.9	1.9850	124.0	44.3	3.2	2.1	6.8118	109.7	38.6	3.9	2.3	181.42	81.2	37.9	-4.1	-3.2	0.7882	80.2
3rd qtr.1993	99.7	-27.2	-24.5	1.1443	85.4	79.8	31.9	27.9	130.89	183.7	76.6	6.1	-9.3	1.9180	123.9	44.9	3.7	3.5	6.8508	108.4	34.2	6.1	3.4	181.30	79.8	40.5	-4.0	-3.0	0.7805	81.0
4th qtr.1993	107.8	-24.6	-1.1386	86.4		75.0	28.8	28.3	123.20	180.2			-2.6	1.9191	124.8	45.5	4.2		6.8431	107.3			187.88	77.0	39.6	-5.0		0.7835	81.1	
February 1993	31.2	-8.7	n.a.																											

COMMODITIES AND AGRICULTURE

Coffee surges on cut in Brazilian crop estimate

By Alison Maitland

Coffee futures prices surged through the \$1,300-a-tonne level in London yesterday after the US Department of Agriculture revised its forecast of Brazil's 1994-95 crop downwards by nearly 100,000 bags.

The second position robusta futures contract reached its highest closing level since last September, ending at \$1,305, up \$30 on the day and just \$2 below the day's high.

Technical buying in London was accompanied by interest from investment funds and the market remained buoyant after a strong start in New York.

"It's gone from strength to strength and hasn't looked

back," said one trader.

In early afternoon trading in New York the second position arabica futures contract was up 2.45 at \$1.25 cents a pound.

The boost to an already bullish market came from the USDA's downward revision of the Brazilian crop from 24.3m bags (60kg each) to 23.5m bags. GNI, the London broker, said the USDA's figures were usually about 4m bags higher than Brazilian estimates because it used a much higher figure for local demand.

"However, this should mean that the local consensus will fall and a crop of 19m to 20m bags should be expected," it said in its daily commodity report.

One analyst said the USDA figures provided further encouragement to a market buoyed by signs of smaller crops in Colombia and across Central America, as illustrated by lower shipments in the four months since the start of the crop year last October.

"Everyone's pleased," he said. "It adds a bit more support to the coffee world, which has been through so many rough periods."

The positive fundamental factor has been the relatively smooth running of the export retention scheme which came into operation in October in most coffee-producing countries in an attempt to shore up prices.

Chile warms up to agricultural exporting

Food products are now accounting for 29 per cent of the country's overseas earnings

Chile's new democratic president, Mr Eduardo Frei, whose coalition government assumed power last Friday, has inherited an agricultural industry with a growth record that few can match. Expanding farm production and a dramatic increase in overseas sales of food products, which now account for 29 per cent of export earnings, have made a big contribution to the country's economic growth, which has averaged almost 7.5 per cent over the past three years.

Since 1986 exports derived from agriculture, horticulture and forestry have risen from a little more than US\$1bn a year to almost US\$8bn, the greatest expansion being in fruit and timber products.

Most agricultural production takes place in the Central Valley which stretches 240km north and 560km south of the capital, Santiago. The climate in the area is Mediterranean and snow melt from the vast Andes range of mountains provides more water for irrigation than Chilean farmers are ever likely to need. Soil quality is mainly good and productivity, already generally high, is improving as new technology

FARMER'S VIEWPOINT



By David Richardson

is introduced. Average wages are low, generally not much more than US\$3,000 a year.

These factors add up to a potent agri-economic force, always assuming that inflation, currently 12.2 per cent a year, can be controlled and that labour remains cheap.

"Chilean businessmen are very ambitious," says Mr Juan Figueroa, the outgoing minister of agriculture, who looks back on his period as minister with satisfaction. "We set out," he says, "to increase production and productivity; to increase profits to benefit all, including those on low incomes; and to improve environmental protection. We have been successful as far as we can tell."

Needless to say the Sociedad Nacional de Agricultura, the Chilean farmers' union, does not see Mr Figueroa's achievements in quite such a favourable light. Mr Raul Garcia, the secretary general of the union, points out that the growth of agricultural production has slowed during the last couple of years.

He lists a variety of reasons: farmers' profits are too low because of subsidies in other countries and the lack of them in Chile; the low value of the Chilean peso restricts export profits; and the Chilean government has allowed the dumping of farm products from other countries, such as wheat flour from Argentina, which undermines prices for Chilean farmers.

The combination of factors means that many of Chile's army of small farmers are not viable, the secretary general says. He argues that the government should design a programme for rationalising these small properties and assisting the individuals concerned to move to other activities.

Nevertheless Mr Figueroa's "ambitious businessmen" are showing what can be done in spite of the problems.

Mr Manuel Artiz, whose family has built an enormous poultry production and processing business, is a case in point. The production side of the business consists of 530 houses, each accommodating 22,000 chickens for meat, together with all the breeding hens, originally from North American stock, to make the company totally integrated and self-contained. Another 33 houses focus the basis of what could become a turkey enterprise of similar scale. The company also milks and mixes the 24,000 tonnes of feed the poultry consumes each month and then, perhaps less acceptably to British taste, feeds much of the chicken droppings to heat cattle running on the 15,000 hectares of land the family owns.

The company also processes every bird it produces, tailoring each carcass, cut, kebab or whatever to the market for which it is destined. Artiz products are exported to every continent.

Chile's leading fruit exporting company is David del Curcio. Dealing in the entire range of fruit from apples and pears

to grapes kiwi fruit, the company grows 20 per cent of what it exports and buys the rest from about 1,000 Chilean growers. But it is only interested in export quality produce. Any fruit supplied to it which does not meet the standards required (and these vary from market to market in nightmarish detail) is wholesaled on the domestic market for what it will fetch and the grower paid accordingly. The company has an annual turnover of US\$100m.

And then of course there is the wine. Chilean wine makers have a tradition, not for vintage special years, but for consistency. In order to achieve this they blend the production of different vineyards and even different years.

Having been brought up in the European school of wine appreciation I was ready to criticise this "supermarket" approach. But hard as I tried - and I researched the matter most conscientiously - I was unable to find a red or a white that I could classify as less than excellent. Like the rest of Chilean produce it is good already but is, I predict, likely to become an even bigger force to be reckoned with.

Australian coal review agreed

By Nikki Tait in Sydney

Australia's coal-producers and mining unions yesterday agreed to a six-month review of the nation's export coal industry in an attempt to identify the main opportunities and impediments to its growth. Coal is Australia's largest export category.

The study was announced by Mr David Beddall, the federal resources minister, after a tri-

partite meeting between government, union and corporate representatives, in Brisbane yesterday. The meeting had been called by Mr Beddall after widespread outcry over the annual coal export review reached between producers and the Japanese steel mills earlier this year. The contracts, which involved producers taking prices-cuts for the fourth successive year, as well as reduced tonnages, and led

to a six-day protest strike by coal unions.

Yesterday, Mr Beddall admitted that there was "a divergence of views on necessary future action", but added that the industry had "real prospects for expansion, particularly in Asian markets". He added that Japanese buyers - who take the lion's share of Australia's coal exports - would be welcome to make submissions.

Profitability declines worldwide

By Michael Smith

Profitability of coal companies worldwide has declined sharply in the past decade and the industry appears to be entering a period of stagnation or decline, according to a report by Sheffield Energy & Resources Information Services.

The return on average coal assets among 39 companies tracked by Seris fell from 10.4 per cent in 1982 to 6.1 per cent in 1992.

The authors also note that the 63 companies in their coal export survey registered a

small decline in export volumes during 1991-92.

The top 10 world coal companies ranked by profit margin include six whose operations are mainly in the western states of the US. RTZ of the UK has recently bought into this highly profitable sector, the report notes.

Whereas the rate of return for eight companies whose operations are mainly in the eastern US is consistently higher than the global rate, the opposite is the case for the 10 companies based mainly in the centre and east of the US.

The report notes a restruct-

uring in the world industry, the most extreme example of which has been seen in the UK in the last 18 months with the closure of more than 33 of 50 pits.

A similar process has been occurring in Japan, France and Belgium and in the coal and lignite mines of eastern Europe.

In the US, restructuring has concentrated more on takeover and merger activity.

Coal Companies Worldwide Vol 4, 103 Carter Knowle Road, Sheffield, S7 2DY. Price £295 including dispatch.

EU beef stocks 'to fall further'

By Frances Williams in Geneva

European beef exports are expected to drop by over a fifth this year from last, with another sharp decline in beef stocks to their lowest level in five years, according to the General Agreement on Tariffs and Trade.

GATT's latest annual report on international trade statistics says this should lead to firming world beef prices and increased export opportunities for other producers, especially those of South America. The EU was the biggest exporter last year, accounting for more than a quarter of the total, but is expected to slip into second

place behind Australia in 1994. By the end of 1993, European Union beef stocks had shrunk to 600,000 tonnes from 1.09m a year earlier, and they are forecast to drop to 360,000 tonnes by the end of 1994. EU beef production, which fell 5 per cent last year, is expected to stagnate or rise only marginally in 1994, with a bigger increase needed for 1995.

World beef and veal production declined by about 1 per cent in 1993 and may rise by the same amount this year, GATT says. Most central and eastern European countries and the Commonwealth of Independent States have reduced cattle herds because of

rising production costs and falling domestic demand, and further falls are likely this year. However, outside Europe, herd numbers are rising.

World beef and veal consumption also fell last year, reflecting lower demand in Europe and North America. However, consumption rose in several Asian markets including Japan and South Korea, which have recently liberalised beef imports. World beef exports shrank by more than 4 per cent in 1993.

International Markets for Meat 1993-94, available from GATT, Centre William Rappard, rue de Lausanne 154, 1211 Geneva 21, Switzerland.

MARKET REPORT
Copper hits 6-month high

London Metal Exchange COPPER prices built on Friday's surge in early trading, when the three months position reached a six-month high of \$1,952 a tonne. Profit-taking then appeared and by the close it was back to \$1,944.50, up \$14.75 on the day, but traders remained confident that bullish charts, improving fundamentals, a shortage of good quality metal and a big expected drawdown from exchange warehouse stocks would help the market to mount an assault on upside resistance at \$1,970 before long.

Other base LME contracts fared less well, notably NICKEL, which fell \$52.50 to

\$5,565 a tonne for three months delivery as it met trade selling and long liquidation in thin market conditions.

COCOA futures climbed to the highest levels for nearly three months as fund buying in the US boosted values at the London Commodity Exchange. The May futures position closed at \$267 a tonne, up \$21 on the day.

Traders saw the close above \$250 as very constructive. "The 1994/95 level was an important chart point," one said. "Until then people were selling into the market. Now they may be encouraged to cover shorts and even go long."

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Unsmelted Metal Trading)

■ ALUMINIUM, 99.7 PURITY (\$ per tonne)

	3 mths
Close	1272.5-5
Previous	1275.5-7.5
High/Low	1298-300
AM Official	1284/1292
Kerb close	1284/1292
Open int.	112,230
Total daily turnover	274,468

■ ALUMINIUM ALLOY (\$ per tonne)

	3 mths
Close	1212-5
Previous	1220-30
High/Low	1235/1255
AM Official	1215-20
Kerb close	1225-30
Open int.	4,552
Total daily turnover	590

■ LEAD (\$ per tonne)

	3 mths
Close	449-50
Previous	452-5-5
High/Low	453-457
AM Official	453-5-5
Kerb close	457-5
Open int.	36,930
Total daily turnover	11,416

■ NICKEL (\$ per tonne)

	3 mths
Close	5495-505
Previous	5505-505
High/Low	5545-5450
AM Official	5545-5
Kerb close	5545-5
Open int.	52,637
Total daily turnover	19,033

■ ZINC, special high grade (\$ per tonne)

	3 mths
Close	5425-35
Previous	5400-400
High/Low	5430-5
AM Official	5400-10
Kerb close	5400-10
Open int.	20,043
Total daily turnover	8,380

■ ZINC, special high grade (\$ per tonne)

	3 mths
Close	930-5-1.5
Previous	929-5
High/Low	935
AM Official	935
Kerb close	935
Open int.	110,377
Total daily turnover	24,467

■ COPPER, grade A (\$ per tonne)

	3 mths
Close	1980-5-1.5
Previous	1912-5-3.5
High/Low	1925/1925
AM Official	1925-5
Kerb close	1925-5
Open int.	23,916
Total daily turnover	100,591

■ LME AM Official 5/5 ratio: 1.4970

■ LME Closing 5/5 ratio: 1.4942

Spot/LME 5/5 ratio: 1.4989 9 mths/1.4952

■ HIGH GRADE COPPER (COMEX)

	3 mths
Close	91.10
Previous	91.10
High/Low	91.10
AM Official	91.10
Kerb close	91.10
Open int.	91.10
Total daily turnover	91.10

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■ HIGH GRADE COPPER (COMEX)

PRECIOUS METALS continued

■ GOLD COMEX (100 Troy oz; \$/troy oz)

TRANSPORT - Cont.[illegible][illegible][illegible]

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Item	Unit	Est. Price	Actual Price	Diff.	% Diff.
1. Labor					
2. Material					
3. Subcontract					
4. Equipment					
5. Other					
6. Total					

[illegible]

GUERNSEY (REGULATED)(*)

	Old Price	New Price	% Chg.
1. 1980-1981	100	100	0
2. 1981-1982	100	100	0
3. 1982-1983	100	100	0
4. 1983-1984	100	100	0
5. 1984-1985	100	100	0
6. 1985-1986	100	100	0
7. 1986-1987	100	100	0
8. 1987-1988	100	100	0
9. 1988-1989	100	100	0
10. 1989-1990	100	100	0
11. 1990-1991	100	100	0
12. 1991-1992	100	100	0
13. 1992-1993	100	100	0
14. 1993-1994	100	100	0
15. 1994-1995	100	100	0
16. 1995-1996	100	100	0
17. 1996-1997	100	100	0
18. 1997-1998	100	100	0
19. 1998-1999	100	100	0
20. 1999-2000	100	100	0
21. 2000-2001	100	100	0
22. 2001-2002	100	100	0
23. 2002-2003	100	100	0
24. 2003-2004	100	100	0
25. 2004-2005	100	100	0
26. 2005-2006	100	100	0
27. 2006-2007	100	100	0
28. 2007-2008	100	100	0
29. 2008-2009	100	100	0
30. 2009-2010	100	100	0
31. 2010-2011	100	100	0
32. 2011-2012	100	100	0
33. 2012-2013	100	100	0
34. 2013-2014	100	100	0
35. 2014-2015	100	100	0
36. 2015-2016	100	100	0
37. 2016-2017	100	100	0
38. 2017-2018	100	100	0
39. 2018-2019	100	100	0
40. 2019-2020	100	100	0
41. 2020-2021	100	100	0
42. 2021-2022	100	100	0
43. 2022-2023	100	100	0
44. 2023-2024	100	100	0
45. 2024-2025	100	100	0
46. 2025-2026	100	100	0
47. 2026-2027	100	100	0
48. 2027-2028	100	100	0
49. 2028-2029	100	100	0
50. 2029-2030	100	100	0
51. 2030-2031	100	100	0
52. 2031-2032	100	100	0
53. 2032-2033	100	100	0
54. 2033-2034	100	100	0
55. 2034-2035	100	100	0
56. 2035-2036	100	100	0
57. 2036-2037	100	100	0
58. 2037-2038	100	100	0
59. 2038-2039	100	100	0
60. 2039-2040	100	100	0
61. 2040-2041	100	100	0
62. 2041-2042	100	100	0
63. 2042-2043	100	100	0
64. 2043-2044	100	100	0
65. 2044-2045	100	100	0
66. 2045-2046	100	100	0
67. 2046-2047	100	100	0
68. 2047-2048	100	100	0
69. 2048-2049	100	100	0
70. 2049-2050	100	100	0
71. 2050-2051	100	100	0
72. 2051-2052	100	100	0
73. 2052-2053	100	100	0
74. 2053-2054	100	100	0
75. 2054-2055	100	100	0
76. 2055-2056	100	100	0
77. 2056-2057	100	100	0
78. 2057-2058	100	100	0
79. 2058-2059	100	100	0
80. 2059-2060			

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible][illegible]

IRELAND (REGULATED)*

	Old Price	New Price	% Change
1. <i>Small</i>	1.00	1.00	0%
2. <i>Small</i>	1.00	1.00	0%
3. <i>Small</i>	1.00	1.00	0%
4. <i>Small</i>	1.00	1.00	0%
5. <i>Small</i>	1.00	1.00	0%
6. <i>Small</i>	1.00	1.00	0%
7. <i>Small</i>	1.00	1.00	0%
8. <i>Small</i>	1.00	1.00	0%
9. <i>Small</i>	1.00	1.00	0%
10. <i>Small</i>	1.00	1.00	0%
11. <i>Small</i>	1.00	1.00	0%
12. <i>Small</i>	1.00	1.00	0%
13. <i>Small</i>	1.00	1.00	0%
14. <i>Small</i>	1.00	1.00	0%
15. <i>Small</i>	1.00	1.00	0%
16. <i>Small</i>	1.00	1.00	0%
17. <i>Small</i>	1.00	1.00	0%
18. <i>Small</i>	1.00	1.00	0%
19. <i>Small</i>	1.00	1.00	0%
20. <i>Small</i>	1.00	1.00	0%
21. <i>Small</i>	1.00	1.00	0%
22. <i>Small</i>	1.00	1.00	0%
23. <i>Small</i>	1.00	1.00	0%
24. <i>Small</i>	1.00	1.00	0%
25. <i>Small</i>	1.00	1.00	0%
26. <i>Small</i>	1.00	1.00	0%
27. <i>Small</i>	1.00	1.00	0%
28. <i>Small</i>	1.00	1.00	0%
29. <i>Small</i>	1.00	1.00	0%
30. <i>Small</i>	1.00	1.00	0%
31. <i>Small</i>	1.00	1.00	0%
32. <i>Small</i>	1.00	1.00	0%
33. <i>Small</i>	1.00	1.00	0%
34. <i>Small</i>	1.00	1.00	0%
35. <i>Small</i>	1.00	1.00	0%
36. <i>Small</i>	1.00	1.00	0%
37. <i>Small</i>	1.00	1.00	0%
38. <i>Small</i>	1.00	1.00	0%
39. <i>Small</i>	1.00	1.00	0%
40. <i>Small</i>	1.00	1.00	0%
41. <i>Small</i>	1.00	1.00	0%
42. <i>Small</i>	1.00	1.00	0%
43. <i>Small</i>	1.00	1.00	0%
44. <i>Small</i>	1.00	1.00	0%
45. <i>Small</i>	1.00	1.00	0%
46. <i>Small</i>	1.00	1.00	0%
47. <i>Small</i>	1.00	1.00	0%
48. <i>Small</i>	1.00	1.00	0%
49. <i>Small</i>	1.00	1.00	0%
50. <i>Small</i>	1.00	1.00	0%
51. <i>Small</i>	1.00	1.00	0%
52. <i>Small</i>	1.00	1.00	0%
53. <i>Small</i>	1.00	1.00	0%
54. <i>Small</i>	1.00	1.00	0%
55. <i>Small</i>	1.00	1.00	0%
56. <i>Small</i>	1.00	1.00	0%
57. <i>Small</i>	1.00	1.00	0%
58. <i>Small</i>	1.00	1.00	0%
59. <i>Small</i>	1.00	1.00	0%
60. <i>Small</i>	1.00	1.00	0%
61. <i>Small</i>	1.00	1.00	0%
62. <i>Small</i>	1.00	1.00	0%
63. <i>Small</i>	1.00	1.00	0%
64. <i>Small</i>	1.00	1.00	0%
65. <i>Small</i>	1.00	1.00	0%
66. <i>Small</i>	1.00	1.00	0%
67. <i>Small</i>	1.00	1.00	0%
68. <i>Small</i>	1.00	1.00	0%
69. <i>Small</i>	1.00	1.00	0%
70. <i>Small</i>	1.00	1.00	0%
71. <i>Small</i>	1.00	1.00	0%
72. <i>Small</i>	1.00	1.00	0%
73. <i>Small</i>	1.00	1.00	0%
74. <i>Small</i>	1.00	1.00	0%
75. <i>Small</i>	1.00	1.00	0%
76. <i>Small</i>	1.00	1.00	0%
77. <i>Small</i>	1.00	1.00	0%
78. <i>Small</i>	1.00	1.00	0%
79. <i>Small</i>	1.00	1.00	0%
80. <i>Small</i>	1.00	1.00	0%
81. <i>Small</i>	1.00	1.00	0%
82. <i>Small</i>	1.00	1.00	0%
83. <i>Small</i>	1.00		

[illegible]

JERSEY (SIB RECOGNISED)

	Ball Change	Comp Price	Std Price	Order Price
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[illegible]

Managed				
Intl Portfolio	55	\$2,086	2.131	2.251

Coults & Co (Jersey) Fund Managers

[illegible]**IRELAND (SIB RECOGNISED)**

	Joint Charge	Group Price	Individual Price	Other Price	Other -
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[illegible]

Old Mutual International Fd Mgrs Ltd		
Global Special Market --	\$1,385	
Global Manager --	\$1,312	+0.00

Global Fixed Interest	\$1.0718	-0.00
US Dollar Bond	\$0.999	-0.00
US Dollar Premium	\$0.995	-
US GDR Fund	\$1.081	-

[illegible]**JERSEY (REGULATED)(*)**

	Old Price	New Price	+ or - %
Bondless Intl Funds			

[illegible]

MANAGEMENT SERVICES

	Mid Price	Other Prices	+ or -	Yr Chg
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BANK OF TRUST PROMOTED INVESTMENTS			
	1976-77	1975-76	% CHG
Capital Paid Up	2,142	2,256	-5.1
Reserves	1,000	1,000	0.0
Unpaid Capital	179	128	43.0
CLAYTON WATTS, PLC			
CLAYTON WATTS, PLC, London WC2N 7JL	675-4951		
New York PA	1-632-1	1-632-1	
COMMERCIAL INVESTMENT MANAGEMENT LTD			
Investment Management, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000			
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30(1)		Total	
30(1)		Total	
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3	1.00	3	1.00
4	1.00	4	1.00
5	1.00	5	1.00
6	1.00	6	1.00
7	1.00	7	1.00
8	1.00	8	1.00
9	1.00	9	1.00
10	1.00	10	1.00
11	1.00	11	1.00
12	1.00	12	1.00
13	1.00	13	1.00
14	1.00	14	1.00
15	1.00	15	1.00
16	1.00	16	1.00
17	1.00	17	1.00
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19	1.00	19	1.00
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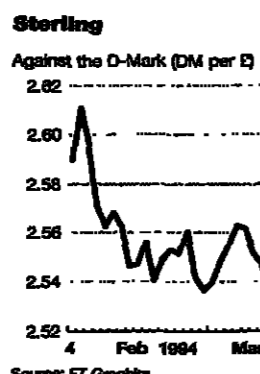
MARKETS REPORT

D-Mark moves lower

What foreign exchanges lacked in trading activity yesterday, they made up in policy speculation as both the D-Mark and sterling weakened amid heightened expectations of interest rate cuts, writes Philip Gault.

In Germany the catalyst was the heavy political defeat for the ruling CDU party in the Lower Saxony parliamentary election, and bullish inflation comments from Mr Hans Tietmeyer, the Bundesbank president.

In the UK, better than expected producer price figures again focused market attention on the prospect of lower interest rates.



■ Posted in New York

Mar 14	15-Mar	16-Mar
2.25	2.25	2.25
2.24	2.24	2.24
2.23	2.23	2.23
2.22	2.22	2.22
2.21	2.21	2.21
2.20	2.20	2.20
2.19	2.19	2.19
2.18	2.18	2.18
2.17	2.17	2.17
2.16	2.16	2.16
2.15	2.15	2.15
2.14	2.14	2.14
2.13	2.13	2.13
2.12	2.12	2.12
2.11	2.11	2.11
2.10	2.10	2.10
2.09	2.09	2.09
2.08	2.08	2.08
2.07	2.07	2.07
2.06	2.06	2.06
2.05	2.05	2.05
2.04	2.04	2.04
2.03	2.03	2.03
2.02	2.02	2.02
2.01	2.01	2.01
2.00	2.00	2.00
1.99	1.99	1.99
1.98	1.98	1.98
1.97	1.97	1.97
1.96	1.96	1.96
1.95	1.95	1.95
1.94	1.94	1.94
1.93	1.93	1.93
1.92	1.92	1.92
1.91	1.91	1.91
1.90	1.90	1.90
1.89	1.89	1.89
1.88	1.88	1.88
1.87	1.87	1.87
1.86	1.86	1.86
1.85	1.85	1.85
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1.83	1.83	1.83
1.82	1.82	1.82
1.81	1.81	1.81
1.80	1.80	1.80
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1.78	1.78	1.78
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1.73	1.73	1.73
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1.68	1.68	1.68
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1.49	1.49	1.49
1.48	1.48	1.48
1.47	1.47	1.47
1.46	1.46	1.46
1.45	1.45	1.45
1.44	1.44	1.44
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0.04	0.04	0.04
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0.00	0.00	0.00

50 basis points over the next three months. The repo rate is currently at 5.5 per cent.

Analysts believe the Bundesbank has scope to cut interest rates more aggressively. Compared with conditions when the discount rate was lowered in mid-February, the D-Mark is now much stronger, key wage settlements have been very modest, and the inflation outlook is better.

Of the Bundesbank's intermediate targets, only M3 is out of line. Ironically, the 3.2 per cent growth in January was so bad that analysts argue that credibility could actually be lost if too much attention is paid to it.

The Bank of France yesterday left its intervention rate unchanged at 5.10 per cent.

Although the DM/FFR exchange rate remains fairly stable, dealers report evidence of greater volumes in this currency pair.

Sterling weakened yesterday when the release of better than expected February producer inflation numbers renewed speculation about an interest rate cut. Output prices for manufactured goods rose by 0.1 per cent last month, slower than the 0.3 per cent forecast by economists for February, and also below January's 0.3 per cent increase.

The Bank of England's sterling exchange rate index finished at 80.6 after opening at

80.8. The UK currency closed slightly higher in London at DM2.5254, from DM2.521, against the weaker German currency, but was down compared with the dollar. It finished at \$1.4945 from \$1.5025.

Mr Mark Geddes, treasury economist at Midland Global Markets, said the numbers indicated a "total lack of inflationary pressures," and gave the government more flexibility about a future rate cut.

Mr Robert Thomas, bond and currency strategist at Natwest Markets, said he thought the government was more concerned about conditions in the real economy than inflation. He predicted that the government might wait for a general lowering of European rates.

Sterling futures responded positively with the June contract up by two points to 94.84. The March 1995 contract rose by five points to 94.24, indicating that the market is expecting base rates of 5.75 per cent a year hence - 50 basis points above the current level of 5.25 per cent.

In the cash market sterling three month money was unchanged on the news at 5 1/2 per cent. In the discount market the Bank of England provided 237.5m late assistance. Earlier it had provided the market with \$99m of liquidity, compared to a revised shortage of \$145m. The overnight rate reached a high of 7 per cent during the day.

The dollar was steadier ahead of today's important February producer inflation release. Ever since the Fed tightened policy on February 4, financial markets have been nervous about resurgent inflation in the US.

The US currency finished one mark up against the D-Mark at DM1.6898 from DM1.6779. Helped by the resolution of the Motorola cellular phone case, it also finished a yen firmer against the yen at ¥105.890 from ¥105.135.

OTHER CURRENCIES

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Rank	Company	Price	Change	High	Low	Open	Close	Volume	Market
1	Alcoa	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
2	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
3	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
4	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
5	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
6	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
7	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
8	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
9	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
10	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
11	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
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13	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
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97	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
98	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
99	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100
100	Amgen	10.00	+0.10	10.10	9.90	10.00	10.10	100	100

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20	+ ¹ ₄
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4 pm close March 14

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AMERICA US investors await week's economic data

Wall Street

US share prices were mixed yesterday morning, as investors cautiously awaited a batch of economic news due out later in the week, writes Frank McGurty in New York.

By 1 p.m. the Dow Jones Industrial Average was 5.91 lower at 3,856.79, while the more broadly based Standard & Poor's 500 dipped 0.25 to 466.19. Secondary markets were better, with the American SE composite up 1.49 at 487.47, and the Nasdaq composite 1.58 ahead at 790.78.

Volume on the NYSE was moderate, with 154m shares traded by 1 p.m. Advancing issues led declines, 1,083 to 954. After Friday's steady 32-point advance, a sober mood returned to Wall Street. Investors are facing a series of economic reports over the course of the week, and the anticipation reinforced a general sense of uncertainty which has dominated the market since the beginning of February.

Today's producer price data and tomorrow's consumer price index were commanding the most attention. With bond traders expecting the reports to supply further evidence of accelerating inflation, US Treasury prices eroded 25.04 from 147.91 in volume of 36.4m shares valued at \$332.0m. Advancing shares outpaced declines 356 to 227, with 314 issues steady.

The base metals sector was up 39.03, or 1 per cent, to 3,684.03 helped by firmness in New York, raised his rating to "buy". American Express was 3% better at \$32.94.

On the Nasdaq, Microsoft was marked up \$1 to \$32.4 after the company unveiled new applications software for Apple's Macintosh computers. Apple was 3% higher at \$38.

which meandered within a narrow range of opening levels during the morning.

Industrials were hurt by Disney, down 1% to \$45.74 on heavy volume. The stock fell on news of a restructuring plan for its Euro Disney theme park.

Technology stocks were well represented in the NYSE's most active list. Digital Equipment advanced 1% to \$32.4 after announcing plans to issue 20m depositary shares priced at \$25 each.

Meanwhile, International Business Machines gained 1% to \$57.4, and Unisys added 1% to \$16.1 in volume of more than 3m shares.

Among financial issues, Chemical jumped 1% to \$37.4 after Mr Judah Kraushaar, an analyst at Merrill Lynch in New York, raised his rating to "buy". American Express was 3% better at \$32.94. On the Nasdaq, Microsoft was marked up \$1 to \$32.4 after the company unveiled new applications software for Apple's Macintosh computers. Apple was 3% higher at \$38.

Canada

Toronto was stronger at mid-session but activity remained subdued. The TSX 300 composite was 25.04 firmer at 4,471.90 in volume of 36.4m shares valued at \$332.0m. Advancing shares outpaced declines 356 to 227, with 314 issues steady.

The base metals sector was up 39.03, or 1 per cent, to 3,684.03 helped by firmness in New York, raised his rating to "buy". American Express was 3% better at \$32.94.

On the Nasdaq, Microsoft was marked up \$1 to \$32.4 after the company unveiled new applications software for Apple's Macintosh computers. Apple was 3% higher at \$38.

SOUTH AFRICA

There were good rises ahead of today's futures expiry, although the general mood remained cautious. The overall and industrial indices both added 32, at 5,156 and 5,994 respectively. The gold index rose 31 to 1,964.

The negative sentiment was most evident in blue chips,

EUROPE

Bourses buoyant after Friday's recovery in Dow

Bourses were buoyant on Friday's late recovery on Wall Street, but there was an underlying note of caution ahead of US economic figures this week, writes Our Markets Staff.

FRANKFURT, relatively firm last Friday afternoon, positively took off yesterday with the Dax index 41.88, or 2 per cent higher at 2,145.17 on the session, and another 1.1 per cent better in the post-bourse at an index-based 2,159.40.

Financials returned to favour, Deutsche Bank rising a session rise of DM12.50 to DM83.50 with a further DM11 to DM94.50 after hours. Mr Horst-Kasper Greven of Merck Finck in Düsseldorf said that the turn in US bond yields, the low dollar and a firm domestic bond market - reflecting hopes of a further interest rate cut this Thursday - had produced a scenario in which Deutsche, particularly, could be expected to make money.

Foreigners were buying the big blue chips again, said Mr Greven. Turnover rose from DM8.2bn to DM8.5bn and Volkswagen, a blue chip in favour, rose DM13.70 to DM45.50 in the morning, and another DM1.20 to DM46.70 in the afternoon.

Analysts were impressed initially with Schering's 21 per

cent sales growth in the first two months of 1994, but a more cautious tone came into the market late in the afternoon and the shares closed with their session gain of DM16 to DM103.

DM103 ended the day broadly higher in line with other European markets and the positive tone from Frankfurt in particular. The CAC-40 index finished up 40.11 or 1.8 per cent at 2,215.02.

The day's main excitement was Euro Disney, which initially advanced some 3 per cent on news that the financial restructuring package had been agreed, before falling back by almost the same amount as investors realised that the rights issue would be extremely dilutive. The shares finished down FF2.90 at FF732.85.

Mr Michael Woodcock of Nikko Europe explained that 600m new shares would be issued at FF710 each, swelling the number in issue from 170m to 770m. The package, he said, was good news for Euro Disney, which had got its restructuring package through, and the package would be able to halt its debt to some FF10bn, but was bad news for the minority shareholders.

AMSTERDAM recouped Friday's losses, the AEX index ending 5.97 or 1.4 per cent higher at 423.90.

KNP BT, the paper and packaging group, picked up FI 1.70 to FI 50.10 after reporting over the weekend that it was to declare a 45 cent dividend, and giving a bullish outlook on prospects for 1994.

Ahold and Elsevier, which are due to publish 1993 results on Thursday improved respectively by 70 cents and FI 2.90 to FI 49.40 and FI 178.50. Hoare Govett liked both, and commented that Ahold should be one of the major beneficiaries of strength in the dollar.

MILAN finished higher by its best, helped by strong telecoms and by short-covering ahead of tomorrow's end of the monthly accounting. The Comit index added 8.82 or 1.3 per cent to 673.78.

Telecoms were supported by weekend comments from Mr Carlo Azeglio Ciampi, the prime minister, confirming the privatisation timetable. Sip rose 1.70 or 1.5 per cent to L4.84 and Stet added L110 or 2.2 per cent to L5.016.

Cogefar rose L35 or 4.1 per cent to L5.405, as interest was spurred by the launch of its rights issue on Thursday and the planned merger with other building companies into Italy's

largest construction group. Domestic and foreign demand took Mediocredito L685 or 4.5 per cent higher to L15.97, but analysts said there was no news to account for the rise. BCI, whose privatised shares will be traded from Thursday, added L100 or 1.6 per cent to L6,212.

ZURICH advanced 1.4 per cent, taking its lead from strong bond and equity markets elsewhere in Europe, but the low level of business indicated that investors remained cautious. The SMI index rose 38.9 to 2,870.5.

Cyclical stocks remained at the centre of attention. Foreign demand and a positive recommendation from a local bank took Oerlikon-Bührle SFR15 higher to SFR169. Brown Boveri bearers continued higher, adding SFR3 to SFR1.219 and Sulzer certificates rose SFR46 to SFR1.060. Banks picked up some of their recent losses. Credit Suisse bearers rose SFR18 to SFR194.

MADRID offered good rises in US quoted stocks and, *inter alia*, in Banesto and in Acerinox, the stainless steel company in which Banesto had a 34.5 per cent stake until some five months ago.

The general index rose 5.52, or 1.7 per cent to 338.88 in turn-

FT-SE Actuaries Share Indices

Mar 14		THE EUROPEAN SERIES						
Hourly changes		Open	10.30	11.00	12.00	13.00	14.00	Close
FT-SE Eurostock 100	1454.79	1452.40	1455.57	1455.82	1455.71	1455.44	1455.70	1455.59
FT-SE Eurostock 200	1483.18	1484.00	1484.12	1485.04	1485.04	1485.20	1485.30	1485.06
		Mar 11	Mar 10	Mar 9	Mar 8	Mar 7		
FT-SE Eurostock 100	1451.85	1445.26	1445.47	1452.33	1459.23	1460.44		
FT-SE Eurostock 200	1471.59	1464.35	1465.63	1480.63	1511.18	1516.18		
Base value 100 (20/10/80); Rounding: 100 - 1.57/21; 200 - 1.487/45; London: 100 - 1.454/29; 200 - 1.482/37								

FT-SE Eurotrack indices changes

The FT-SE Eurotrack Indices Committee met on Thursday March 10 and approved the following quarterly changes to the FT-SE Eurotrack 100 Index, to be made on Monday March 21, 1994:

For inclusion: Urdamark A/S (Denmark); Bancario San Paolo (Italy); Compagnie UAP (France); IMI Spa (Italy); Outokumpu A (Finland); Volvo B (Sweden).
For exclusion: Ital Gas (Italy); Pirelli Spa (Italy); Canal Plus (France); Philips Electronics (Netherlands); Mithras B (France); Swiss Re (Switzerland); Bayerische H & W Bank (Germany).
Telefonica Ordinary replaces Telefonica ADE as a constituent.

over of Pta27.3bn. Of the ADR stocks, Repsol rose Pta145 to Pta 4,730 and Telefonica by Pta45 to Pta1,950. Banesto rose Pta33, or 4.5 per cent to Pta769 as Santander converted loans into 2.1 per cent of the equity. Acerinox recovered another Pta260 to Pta12,500 after dipping to Pta10,900 nearly two weeks ago, but dealers were cautious after a rise from around Pta9,000 last September.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Cellular phones accord takes Nikkei up 2% to 1994 high

Tokyo

Resolution of the US-Japan trade dispute, a retreat in the yen against the dollar and signs of improving economic conditions took the Nikkei 225 average up by 2 per cent to a year's high, writes Emilio Terzani in Tokyo.

The index was ahead 410.84 at 20,526.15 after an opening low for the day of 20,157.72 and high of 20,880.96. "The market rose on technical buying amid the feeling that corporate selling was out of the way," said Mr Rod Smyth, a strategist at Baring Securities.

The yen and bond markets stabilised following the US-Japan trade accord on cellular phones over the weekend. A survey by the Ministry of

Trade and Industry indicated an improvement in business confidence.

Volume was 480m shares, against 737m last Friday when March futures and option contracts were settled. Foreigners and arbitrageurs turned buyers, while dealers, who had refrained from activity last week, citing fears of rising US interest rates, supported share prices. Technical analysts are now focusing on whether the Nikkei 225 index can break through the 21,000 level reached last September.

Rises led falls by 882 to 194, with 124 issues unchanged. The Topix index added 19.97 at 1,639.87, while the Nikkei 300 advanced 3.40 to 301.88. In London the ISE/Nikkei 50 index put on 3.38 at 1,362.17. High-technology stocks

gained ground on broad-based buying. Toshiba, the day's most active issue, moved forward Y13 to Y793.

Expectations of a smaller loss for the current year to March supported Victor, the audio visual maker. The stock closed at a bid price of Y1,560. Overseas buying supported automobile issues. Nissan Motor gained Y23 at Y923.

Individual investors supported speculative favourites. Japan Energy climbed Y14 to Y453 on its development of an anti-Aids drug, while Clarion rose Y12 to Y497.

Kajima, the construction group, weakened Y14 to Y948 after last week's arrest of Mr Kishiro Nakamura, former construction minister, for allegedly receiving bribes from the company.

Kankaku Securities, a second tier Japanese broker, lost Y8 to Y638. The broker announced last week that it had incurred losses of Y50m from illicit client transactions. But Dai-ichi Kangyo Bank, the commercial bank which will support Kankaku by extending subordinated loans, rose Y30 to Y1,960.

In Osaka, the OSE average moved ahead 275.24 to 22,372.88 in volume of 114.3m shares.

Roundup

Yesterday was the Muslim holiday of Eid Al-Fitr. Markets were closed for this, or other holidays, in Bombay, Karachi, Singapore, Kuala Lumpur and Jakarta.

HONG KONG reversed early losses after a more conciliatory tone emerged from Sino-US

talks in Beijing. The afternoon rebound left the Hang Seng index 74.41 up at 9,980.07 after an earlier fall of about 300 points. Turnover was light.

Swire Pacific, \$2 higher at HK\$55, reported a 5 per cent rise in profits.

AUSTRALIA'S All Ordinaries index gained 26.2 at 2,179.3, brokers citing Japan's opening of its cellular telephone market to the US-based Motorola, stronger bond prices and a higher Wall Street close on Friday as buoying sentiment.

The golds index was 53.9 higher at 2,392.8 on the bullion price, which rose on political tensions in South Africa. SEOUL climbed for the third consecutive session on interest in banking shares and asset plays, the composite index adding 9.41 at 912.83 after touching 921.37. Banks were tipped for support in advance of rights issues, the sector index gaining 25.83 at 604.17.

TAIWAN rose 1.2 per cent in a technical rebound from last week's 6.1 per cent drop, the weighted index closing 60.77 higher at 5,333.87. Turnover was thin at T\$40.92bn.

MANILA rose on bargain hunting and stock dividends from Manila Electric and Filinvest Land, the composite index closing 72.80 up at 2,831.53.

SHANGHAI investors went on a buying spree after a package of measures from security regulators to rescue plummeting share prices. Turnover was so high that it knocked out the computer system for a period; the A share index rose 75.44, or 10.2 per cent, to 811.68.

Italy and Germany forge ahead

By John Pitt

A wide range of performances characterised the world's equity markets last week.

Among the European components of the FT-Actuaries World Index, strong rises by both Italy and Germany, up 2.7 per cent and 1.6 per cent respectively in local currency terms, were countered by a 2.5 per cent decline in the UK, one of 1.8 per cent in Norway and of 1 per cent in Switzerland.

Norwegian equities turned negative late in the week after Norsk Hydro, the energy and fertilisers group, unexpectedly announced that it was to raise some Nkr5bn through an international rights issue.

However, the market stabilised yesterday, in line with a general feeling among European analysts that the Bundesbank would make a further cut in interest rates at its council meeting in two days' time, its last before a four week break over Easter.

Mr Brian Mullaney of Morgan Stanley's global economics group commented that resolution of the IG Metall dispute represents "a giant first step in Germany's struggle to

improve competitiveness. Given the moderation in domestic cost pressures, we would expect the Bundesbank to revert back to a more consistent pattern of easing and begin to downplay the potential inflationary risks associated with a somewhat weaker Deutschmark".

The situation among Asia's markets remained nervous, with Malaysia and Singapore continuing to add to the falls of the previous week, partly over worries that US interest rates might be on the rise.

In spite of Japan's slight fall last week, contributing to a 0.1 per cent decline in the FT-Actuaries World Index, sentiment there remained good. UBS Global Research, for example, forecasts that the Nikkei average will finish the financial year-end at around the 20,000 level, an estimate supported by yesterday's 2 per cent gain.

"While investors were largely chasing an illusion of economic recovery in 1993, they should be able to buy into the reality in 1994," UBS writes. The problem in this scenario is the extent to which the exporting sector, which are supposed to drive the recovery, have already out-

MARKETS IN PERSPECTIVE

	% change in local currency		% change sterling		% change US \$	
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1994	Start of 1995
Austria	+0.51	-0.98	+30.85	+41.66	+37.44	+36.35
Belgium	+1.55	-0.97	+18.92	+33.40	+28.16	+28.17
Denmark	+0.12	-1.26	+37.85	+51.93	+46.50	+45.46
Finland	-0.95	-1.73	+83.96	+125.53	+117.06	+115.43
France	-0.50	-4.27	+14.31	+24.29	+21.20	+20.28
Germany	+1.59	-0.82	+19.22	+34.27	+30.59	+28.60
Ireland	+0.57	-2.03	+34.13	+58.26	+41.68	+40.78
Italy	+2.78	-2.57	+30.84	+55.97	+40.20	+39.12
Netherlands	-0.05	-5.12	+23.94	+38.10	+34.23	+33.21
Norway	-1.88	-1.82	+37.80	+51.94	+45.42	+44.32
Spain	-0.56	-5.05	+33.57	+50.97	+28.28	+25.32
Sweden	-0.29	+0.56	+36.05	+47.27	+34.01	+32.99
Switzerland	-0.88	-3.98	+32.78	+39.62	+45.50	+44.38
UK	-2.43	-5.10	+10.42	+15.34	+15.34	+14.46
EUROPE	-0.78	-3.78	+18.61	+28.27	+25.44	+24.49
Australia	+1.81	-4.02	+24.82	+33.84	+30.36	+28.30
Hong Kong	-0.19	-13.29	+58.11	+82.18	+83.98	+82.56
Japan	-0.24	+0.61	+20.12	+23.75	+48.11	+46.99
Malaysia	-2.01	-4.51	+84.28	+95.55	+89.40	+87.97
New Zealand	-0.23	-7.37	+37.23	+43.42	+61.05	+59.80
Singapore	-3.33	-9.28	+40.34	+45.23	+51.56	+50.41
Canada	+0.78	+1.37	+19.75	+25.40	+18.05	+17.16
USA	+0.35	-0.78	+2.40	+6.52	+7.33	+6.52
Mexico	-2.54	-11.35	+48.05	+38.88	+32.51	+31.51
South Africa	+2.42	+7.80	+57.70	+67.42	+80.21	+78.83
WORLD INDEX	-0.13	-1.57	+13.74	+19.39	+25.43	+24.48

† Based on March 11th 1994. Copyright, The Financial Times Limited, London, South Africa & Co. and NatWest Securities Limited.

paced the market. In the electrical machinery sector, p/e ratios of a number of issues

are already at levels which are difficult to justify, even on the basis of past peak profits."

ACTUARIES WORLD INDICES

NATIONAL AND REGIONAL MARKETS		FRIDAY MARCH 11 1994		THURSDAY MARCH 10 1994		DOLLAR INDEX	
Figures in parentheses show number of issues of stock	US Dollar	Day's Change	Round Index	Yen Index	DM Index	Local Currency % chg on day	Gross Div. Yield
Australia (69)	173.04	-0.3	170.74	114.99	150.94	161.95	-0.2
Austria (17)	191.16	0.6	188.63	127.03	166.75	166.29	-0.3
Belgium (12)	170.76	0.1	166.50	113.47	148.98	145.79	-0.4
Canada (107)	136.48	-0.2	133.68	90.03	118.18	133.51	0.0
Denmark (32)	270.78	-0.3	267.19	178.83	236.20	241.33	-0.9
Finland (23)	149.96	-1.7	147.97	99.85	130.81	172.32	-2.3
France (99)	171.02	0.1	171.02	117.64	158.53	-0.1	2.32
Germany (69)	134.94	-1.1	133.05	89.60	117.85	117.85	-1.8
Hong Kong (50)	404.47	-2.1	399.11	268.78	352.82	401.17	-2.1
Ireland (14)	181.15	-0.6	188.62	127.02	166.74	166.56	-1.0
Italy (69)	181.15	0.9	173.13	90.73	96.98	94.78	0.4
Japan (467)	154.36	0.7	152.33	102.58	134.66	102.58	0.2
Malaysia (20)	481.46	0.6	484.85	323.58	428.71	510.03	0.6
Mexico (118)	216.10	-1.9	213.87	144.09	188.34	780.17	-1.9
Netherlands (20)	201.68	-0.6	199.01	131.02	175.33	173.58	-1.2
New Zealand (14)	185.54	-1.0	187.64	125.95	131.47	131.47	-1.0
Norway (27)	198.74	-1.5	196.10	132.06	173.36	196.49	-2.0
South Africa (15)	181.61	-0.7	181.61	132.06	173.36	196.49	-2.0
Singapore (12)	264.85	-1.9					

Dazzled by the rising sunshine

William Dawkins discusses a biography of the failed Victorian romantic writer who interpreted a nation's dramatic transition

A Fantastic Journey - the Life and Literature of Lafcadio Hearn
by Paul Henry James
Lafcadio Hearn, 1850-1904, was a Victorian romantic writer who interpreted a nation's dramatic transition from a feudal past, and a means to artistic fulfilment. He married a Japanese, fell out of love with Japan in the old age, when he came to see the country as a collection of islands, and became the first foreigner to be buried there with the Buddhist rite.

The biography is not, as might be expected, a book of a man's life, but a study of what he understood of what was going on in Japan at the time when Japan is going through bewilderingly rapid change, just as it was in Hearn's time.

Half Irish, half Greek, this odd character has over the years become a mainstream literary figure for many Japanese - so an understanding of Hearn throws some light on Japan's soul.

Hearn's popularity among Japanese readers is understandable, given his view of Japan as a mirror to their own. He was a man of letters, a writer of the Victorian romantic style, and a man who had been in Japan for 12 years.

He was one of the first westerners to recognise the importance of Shinto, later a staple of Japanese militarism. Hearn likened Shinto to ancestor-worship practised by the ancient Greeks, and saw many other parallels between 19th century Japan and ancient Greek society.

His personal fantastic journey began on the Greek island of Lefkada, from which he got his middle name. In 1868, when he was born to an Irish woman and a Scottish man, he was a child of two worlds.

One of Mr. Henry's important themes is that Hearn's theme was to find his place in the world. He was a man of letters, a writer of the Victorian romantic style, and a man who had been in Japan for 12 years.

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Fearful of protection

Why Japanese investment motives matter

Does Ownership Matter?
Edited by Mark Mason and Dennis Farnsworth
Oxford University Press, £39.95
459 pages

Although Japanese investment in the West has been going back as far as 1976, when Matsushita opened its first office in Paris, it is only recently that it has reached significant proportions.

Early investments, interrupted of course by the second world war, were mainly concerned with providing services to Japanese companies. Hence shipping, insurance and finance played a prominent role. The change since the 1970s is the growth of manufacturing investment, with Japanese firms increasingly providing services to Western companies.

This book is an early attempt to analyse these more recent flows. In particular, it seeks to compare the behaviour of Japanese companies in Europe and in the US, as well as the behaviour of Western companies in Japan.

In their prize-winning 1992, for which the papers are being published together with commentaries from reporters that are either directly concerned or gazing on the scene from the sidelines, the book is bound to provide a valuable insight into the way in which the Euro-

pean side implicitly put pressure on Japanese car manufacturers and electronics companies to open up their markets to local producers. The book also provides a valuable insight into the way in which the Euro-

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The mellowing of Mintzberg

Christopher Lorenz believes there has been a reversal of a noted campaigner's past extremism

The Rise and Fall of Strategic Planning
by Henry Mintzberg
Penguin, £19.95
459 pages

Henry Mintzberg, a management professor at MIT, is a man of letters, a writer of the Victorian romantic style, and a man who had been in Japan for 12 years.

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How the others do it

Business Cultures

The Seven Cultures of Capitalism
by Charles Hampden-Turner and Alvin Toffler
Doubleday, New York, \$25
404 pages

This new study offers insight into how different business cultures affect the way in which companies behave and succeed in the commercial worlds of seven countries.

It stems from a questionnaire given to 35,000 managers from the US, UK, France, Germany, the Netherlands, Sweden and Japan between 1986 and 1988.

The framework used to compare their values and business cultures is a set of seven "valuing processes" that come into play when a society chooses how to create wealth.

The first valuing process is "making rules and discovering exceptions". Each country has its own set of rules, and each organisation has its own set of rules. The book explores the differences in the way these rules are made and how they are used.

The second valuing process is "making plans and discovering exceptions". Each country has its own set of plans, and each organisation has its own set of plans. The book explores the differences in the way these plans are made and how they are used.

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Henry Mintzberg's picaresque is a study of what he understood of what was going on in Japan at the time when Japan is going through bewilderingly rapid change, just as it was in Hearn's time.

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History can be helpful – up to a point

carefully scrutinised".

History is dearful because it is full of people, experiences and challenges with which we can identify today. It is surely appropriate, therefore, that business leaders in this of all eras - faced with an unprecedented degree of change and the task of guiding anxious and

continued workers' struggle find time to study the past as a means of understanding the present, and perhaps an inspiration for finding solutions for the future.

No society, though, should wish its business people to be too backward-looking. History is littered with failure and disappointment, and too close scrutiny of the historically poor chances of

ally, successfully starting a new company or launching a new product, might persuade tomorrow's risk-takers to pack it in.

all enterprises that require new clothes" (Tlaxemil is a delight). So is Woody Allen's advice on getting ahead: "80 per cent of success is showing up." Mark Twain ("Californians are nothing but cabbage with a college education") shines out of a dull page.

Parkinson's Law about work expanding to fill the time available, which oddly

enough, is related to business, remains true. There is also a wry truth in John Ray's thought of 1870 that "in a calm sea every man is a pilot" (just wait for it to reappear in "Bartley's Book of Sealing"). And a big hand to Everett M. Dittman for: "A billion here, and a billion there, and pretty soon you're talking about real money."

But that's about it. Henry James had some fine passages; the two extracts here are not among them. As for Aristotle, some of whose unhelpful pontifications are included, to my mind he passed his selfy time in about 199. You can quote me on that.



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TO BUSINESS
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London SPEED DAY.
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new company or launching a new product might persuade tomorrow's risk-takers to pack it in.

A few of the *mols* are written for a company chairman?

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11



**GETTING
TO BUSINESS**

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